United States Court of Appeals

for the Second Circuit

APPENDIX

ORIGINAL

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

75-7239

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON,

Plaintiffs-Appellants,

-against-

JOHN P. CHASE, INC.,

Defendant-Appellee.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

JOINT APPENDIX ON APPEAL
VOLUME II - (pp. 366a thru 685a)

UNITED STATES COURT OF APPEALS
FILED
JUL 25 1975
SECOND CIRCUIT

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PLAINTIFF'S EXHIBIT 3

John P. Chase, Inc.

INVESTMENT COUNSEL

535 Boylston Street
Boston, Massachusetts 02116 U.S.A.

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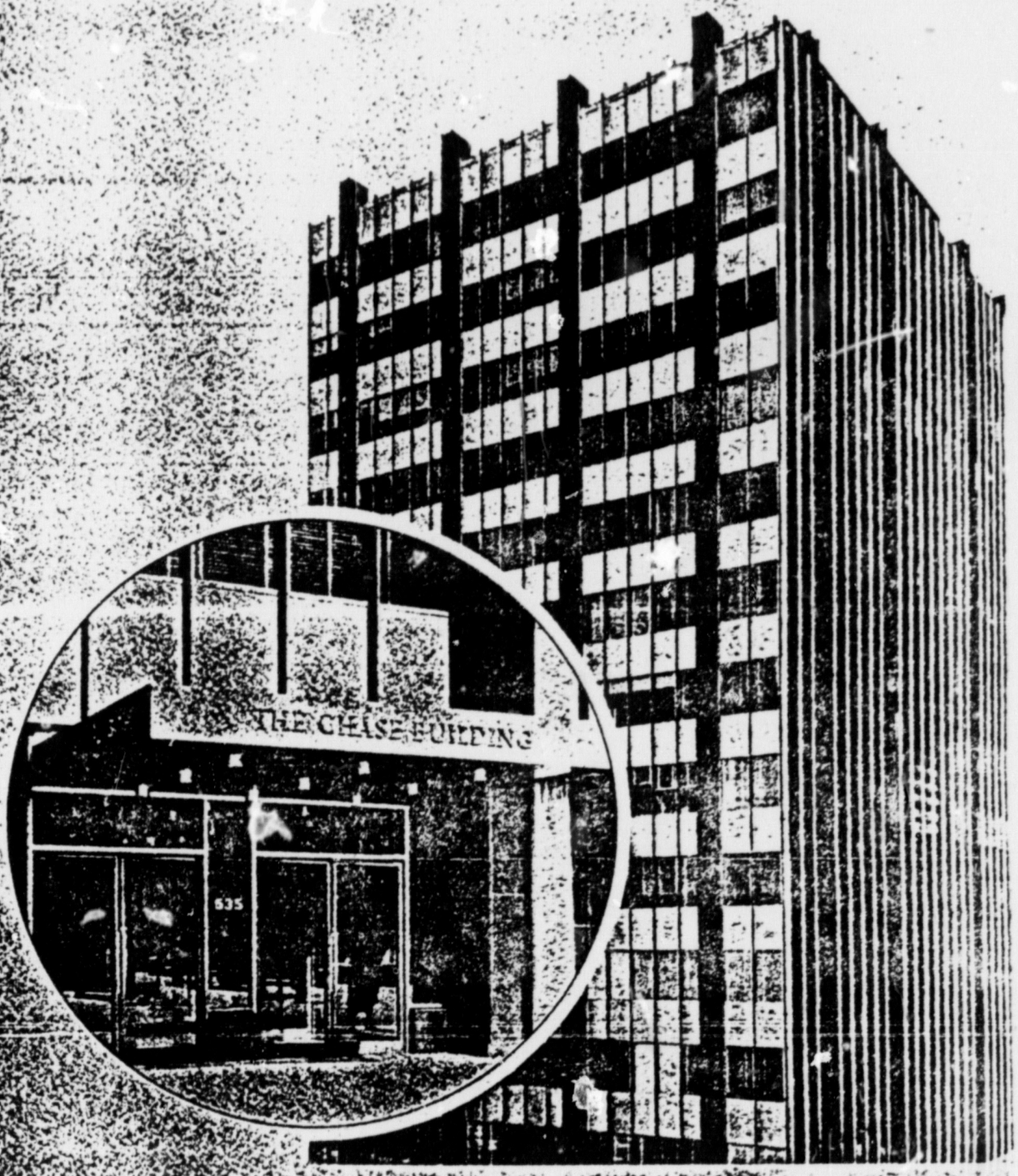
1207 Geneva, Switzerland

Def. Exh. 11 wf.
366a 12/11/13 MD

PLAINTIFF'S EXHIBIT 3



The Chase Building in Boston houses the various John P. Chase, Inc. activities which include:

John P. Chase, Inc.	Investment Counsel
Shareholders' Trust of Boston	A Balanced Mutual Fund
The Chase Fund of Boston	A Common Stock Growth Fund
Chase Distributors Corporation	Distributor—Mutual Fund Shares

PLAINTIFF'S EXHIBIT 3

JOHN P. CHASE, INC.

NATURE OF OPERATIONS

John P. Chase, Inc. is an internationally known Boston based investment counsel firm. It was incorporated in 1932 under Massachusetts law to carry on the business of investment counsel and as such to advise persons, firms and corporations with respect to investments of all kinds, to prepare reports with respect to investments and to do all things which are necessary or incidental to the conduct of the business of investment counsel.

Recognizing the professional nature of our operations, we do no advertising. Our relationship with our clients is entirely confidential and we limit our activities to the rendering of investment advice. It is our policy to restrict our operations to the management of a relatively few large accounts in the belief that clients are served best by rendering service of a highly personal nature tailored to their individual investment needs and objectives.

Currently we have under our supervision approximately three hundred accounts which have an aggregate market value in excess of four hundred million dollars. As a rule, we do not accept accounts having a value of less than $200,000. Our clients include individuals, banks, benefit associations, charitable foundations, educational institutions, hospitals, insurance companies, law firms and mutual funds.

While prior to World War II, John P. Chase, Inc. maintained close relationship with banking and businessmen in Europe, it became increasingly clear in the following years that the European economy was developing to the point where it would have not only a bearing on the prosperity of many of our industries at home but would also present sound investment opportunities for American investors. To better understand and evaluate the interrelations of our own economy with those of Western Europe and thus to better serve its clients, the firm maintains an active office in Geneva, Switzerland.

PLAINTIFF'S EXHIBIT 3

THE MANAGEMENT

John P. Chase, Inc. is directed by a staff of highly qualified officers who have had long experience in the management of investment portfolios. Each of the following officers of the firm has been engaged throughout his business career in the field of investments:

JOHN P. CHASE
Chairman, Board of Directors

WILLIAM J. KIRK
President

OLIVER H. SCHARNBERG
Senior Vice President

GEORGE C. LEE
Senior Vice President

HENRY T. DUNKER
Senior Vice President
Director of Research

RENÉ CHARRON
Senior Vice President
European Operations

WILLIAM J. ANDERSON, JR.
Vice President

RENÉ DE CHOCHOR
Vice President

WARREN A. DODGE
Vice President

KENNETH A. HENDERSON
Vice President

HENRY WALTER
Vice President

In addition to serving as officers, directors and trustees of numerous civic and commercial enterprises, the officers of the firm collectively hold responsible positions concerned with investment problems in the following institutions:

ALLIED RESEARCH AND SERVICE CORPORATION — *Director*
BOSTON CAPITAL CORPORATION — *Chairman of Board*
BOSTON FIVE CENTS SAVINGS BANK — *Incorporator*
ROBERT B. BRIGHAM HOSPITAL — *Director and Treasurer*
CHASE DISTRIBUTORS CORPORATION — *Director*
THE CHASE FUND OF BOSTON — *Trustee*
CONSOLIDATED INVESTMENT TRUST — *Trustee and Member of Executive Committee*
CRAFTSMAN LIFE INSURANCE COMPANY — *Director*
DEDHAM INSTITUTION FOR SAVINGS — *Trustee and Member of Investment Committee*
JAPAN FUND, INC. — *Director and Member of Executive Committee*
JOSIAH WILLARD HAYDEN RECREATION CENTER — *President-Treasurer*
NEWTON-WELLESLEY HOSPITAL — *Trustee and Chairman of Investment Committee*
NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY — *Trustee*
PROVIDENT INSTITUTION FOR SAVINGS IN THE TOWN OF BOSTON — *Incorporator*
ROGERSON HOUSE — *Treasurer-Director*
SHAREHOLDERS' TRUST OF BOSTON — *Trustee*
SUFFOLK-FRANKLIN SAVINGS BANK — *Incorporator*
THE PROTEIN FOUNDATION, INC. — *Vice President-Director-Trustee*
UNIFIED FUNDS, INC. — *Director*
UNIFIED MUTUAL SHARES, INC. — *Director*
WELCH SCIENTIFIC COMPANY — *Director*

PLAINTIFF'S EXHIBIT 3

John P. Chase, Inc. is Investment Advisor to Shareholders' Trust of Boston, and to The Chase Fund of Boston, which are mutual funds. The following individuals are trustees or members of the advisory committees of these funds:

JOHN P. CHASE

Chairman of the Board of Directors and Treasurer, John P. Chase, Inc.; Chairman, Board of Directors, Boston Capital Corporation; Trustee and Member of Executive Committee, Consolidated Investment Trust; Director, Member of Executive Committee, Japan Fund, Inc.; Vice President, Director and Trustee, The Protein Foundation; Director and Treasurer, Robert B. Brigham Hospital; Director, Electronic Space Structures Corp.

DR. CHARLES S. DRAPER

Professor, Massachusetts Institute of Technology; Director, Massachusetts Institute of Technology Instrumentation Laboratory; Head of Department of Aeronautics and Astronautics, Massachusetts Institute of Technology; President, International Academy of Astronautics; Member, Scientific Advisory Board, United States Air Force.

FRANCIS C. GRAY

Director, Fiduciary Trust Company, Boston; Former Director, U. S. Smelting, Refining and Mining Co.; Chairman, Board of Trustees, Massachusetts General Hospital; Trustee and Member of Board of Investment, Provident Institution for Savings in the Town of Boston.

OSCAR W. HAUSSERMANN

Attorney; Partner, Haussermann, Davison & Shattuck; Director, Secretary and Counsel, American Research and Development Corporation; Former President, Boston Chamber of Commerce.

G. PEABODY GARDNER

Chairman of the Board of Directors, Gardner Office, Incorporated; Former Director, American Telephone & Telegraph Co.; Former Director, First National Bank of Boston; Former Director, General Electric Co.; Former Director and Member of Trust Committee, Old Colony Trust Co.

WILLIAM J. KIRK

President and Director, John P. Chase, Inc.; Director, Boston Capital Corporation; Trustee, The New York, New Haven & Hartford R.R.; Director, Chase Distributors Corp.; Director, Unified Funds, Inc.; Director, Unified Mutual Shares, Inc.

WILLIAM M. RAND

Former President, Director and Member of Finance and Executive Committees, Monsanto Chemical Company; Former Director and Member of Finance Committee, John Hancock Mutual Life Insurance Company; Former Director and Member of Investment Committee, Liberty Mutual Insurance Company; Director and Member of Executive Committee, United-Carr, Inc.; Former President, Associated Industries of Massachusetts.

EARL P. STEVENSON

Consultant, Former President and Chairman of the Board of Directors, Arthur D. Little, Inc., Director, John Hancock Mutual Life Insurance Company; Director, Liberty Mutual Insurance Company; President, Board of Trustees, Wesleyan University; Trustee, Northeastern University; Fellow and Member of American Academy of Arts and Sciences; Director, Boston Capital Corporation; Former President, Boston Chamber of Commerce.

BASIC INVESTMENT PHILOSOPHY

We believe that successful investment management is based on the proper evaluation of economic, political, social, technological and monetary trends. In order to manage investments effectively, the roots of one's convictions must be deeply imbedded in these long-term trends, which we like to think of as the "trade winds" which are not particularly newsworthy on a day-to-day basis, but which blow in the same direction, irrespective of the black clouds or squalls that come up over the economic horizon from time to time to monopolize the headlines. These short-term factors must not be ignored, but it is the long-term trends which form the atmosphere of the economy and upon which all sound investment decisions must be made.

Some of the so-called "trade winds" or long-term trend factors that constitute the fundamental components of our investment management concept are:

The purchasing power of the dollar.

Population growth and employment.

Public works — Continuing demand for more schools, highways, water, sewerage and flood control.

Rolling industry adjustments instead of the old-fashioned over-all economic cycle.

Power of organized labor.

The effects of the world revolution of the Have-Nots versus the Haves.

The demand for low-cost raw materials and automation.

Increasing international trade — lower tariff barriers.

International currency problems.

Growth of power consumption.

The cold war — continuing heavy defense expenditures.

Development of mass purchasing power in Europe and the world in general.

A new industrial revolution resulting from electronics and nuclear energy.

Having reached a conclusion as to the impact of these and similar basic trends, we then direct our attention to those industries which we believe will find the atmosphere most favorable for growth and profitable operations.

In the management of investment accounts we maintain complete flexibility. Each account is counselled according to its individual needs, objectives and restrictions. As shifts occur in the balance of economic factors, we make corresponding adjustments in clients' portfolios, both among individual holdings, emphasis on industries and in the balance between common stocks and bonds. When the preponderance of factors is favorable, equity holdings are increased and, conversely, when our analysis indicates an unfavorable outlook, the common stock interest is reduced accordingly, with a corresponding increase in bonds or short-term securities to establish common stock buying reserves. Such changes in emphasis may vary widely from year to year. We do not, however, attempt to capitalize on short-term price movements in the stock market.

Since change is the ever present characteristic of any dynamic economy, it is only to be expected that while certain industries and companies are showing strong growth trends, others are deteriorating, perhaps never to regain their former status. Still others which have fallen from a position of prominence may, by virtue of the development of new policies and products and even the injection of new management, accomplish a recovery of exciting proportions. Normally such companies tend to emerge from a depressed period tarred with a big brush of prejudice in the minds of investors. Thus, outstanding values often can be found among this type of company that is in process of being "rehabilitated".

THE PAST AND THE FUTURE

It was not until the turn of the century that the United States became a first class power, nor was it until the First World War that we achieved a creditor nation status. During this period, our transition from a predominantly agrarian to an industrial economy laid the foundation for the growth of our great basic industries, and the ensuing investment opportunities which are now the basis of much of the country's wealth. The years between the two World Wars witnessed the evolution of what have now become the giant automobile and related industries, as well as the chemical, oil, aviation, paper and the electric and gas utility industries in their modern form.

Although there was a sharp acceleration of technological progress in manufacturing and processing following World War I, there has been an explosion of discoveries since World War II. Startling scientific advances have broken many barriers and are reducing the limitations of time and space. Political, economic and social progress is creating a "one world" environment. In the free West, the possible political counterpart of the Common Market points towards an Atlantic Basin community. This so-called "grand design" may well result in an unprecedented era of peace and further progress.

In this period of shrinking time and space, new industries are being established and many new investment opportunities are evolving both here and abroad. We believe that alert and forward looking investment counsel must recognize these opportunities. The research activities of this organization include the seeking out of companies that are a part of this new generation of business enterprises and are assuming an increasingly important position in the free world economy. Many of these young, lesser known but well managed and rapidly growing companies in the more recently established industries will become the "blue chip" stocks of tomorrow. We believe that well balanced portfolios should include carefully selected investments that have a genuine growth potential in these new areas.

PLAINTIFF'S EXHIBIT 3

ACCOUNT MANAGEMENT — Service to Clients

Our experience over the years has demonstrated the wisdom of the policy pursued since the formation of the firm to avoid too great a degree of specialization on the part of the firm's personnel and to have those men whose primary responsibility is account management do a certain amount of research work. Conversely, members of the research department are required to devote a portion of their time to the management of accounts. The result of this policy insures that the fruits of our research are effectively applied to the management of the accounts and, on the other hand, to make certain that our research efforts are related directly to the investment problems of clients. Furthermore, to assure that each account remains under constant and continuous supervision, two individuals, one of whom is primarily responsible, are assigned to the investment management of each account. We believe that this policy serves to maintain the over-all investment perspective of our personnel and provides a real element of stimulation to all members of the firm's research and supervisory staff.

Acting in a purely advisory capacity and restricting our activities to investment management we do not handle the cash or securities of clients. Recommendations for the purchase and sale of securities are made by letter, by telephone or at personal meetings with the clients who in turn place their orders with the broker of their own choosing, the broker forwarding to us duplicate copies of the confirmations of the transactions. In other instances, upon prior approval of clients and at their request, we deal directly with the clients' brokers in effecting transactions or work through their custodians, if any. In still other cases and under appropriate authority of the client we will, through his custodian or directly with his broker, enter transactions on his behalf without prior consultation with him. Members of the firm in many instances act as Trustee or Co-Trustee and the trust's portfolio is managed under an advisory contract between the firm and the Trustees.

When we begin the management of a client's investment account, a conference with the client determines his investment objectives and the degree of risk which he may properly assume. We then prepare a written analysis of his holdings and submit specific purchase and sale recommendations in conformance with the agreed upon

investment objectives. The account is then placed under continuous supervision and recommendations for changes are submitted to the client as changing conditions may dictate. Each security held is under constant review to ascertain whether it continues to contribute to the client's basic investment objective.

At the end of each four months, an appraisal of the client's account is made and submitted to him together with a written report reviewing the performance of his account as well as discussing in some detail the trends which we believe are likely to govern the action of the security markets during the coming months. We encourage our clients to confer with us frequently in order that they may clearly understand the reasons underlying the investment recommendations made.

FEES FOR SERVICE

Our fees for service are based on a small percentage of the market value of the client's investment portfolio and are on a sliding scale basis. Fees are uniform, except in the case of large institutional accounts which are negotiated on the basis of the nature of the service desired. Fees paid by individuals and institutional accounts subject to taxes are deductible for income tax purposes so that the effective cost to the client is reduced substantially. We believe that our fees are confidential and therefore are not set forth here but will be submitted gladly upon request.

A simple form of contract between our clients and ourselves recites the nature of the services to be rendered, the fees to be charged and contains a provision preventing its assignability and permits its termination at any time by either party without penalty.

PLAINTIFF'S EXHIBIT 3

CONCLUSION

John P. Chase, Inc. for over thirty years has attempted to render to clients an effective investment counsel service at modest cost. In keeping with the professional nature of its operations it does no advertising, nor does it employ salesmen to solicit accounts, its growth stemming largely from the recommendations of its clients and its investment record over the years.

PLAINTIFF'S EXHIBIT 4

LAWRENCE H. DOUGLAS & CO., INC.
70 WALL STREET
NEW YORK, NEW YORK 10005

MEMBERS
NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE (ASSOCIATE)
DETROIT STOCK EXCHANGE

TELEPHONE
(212) 425-1450
CABLE: LAWDOUG, INC
NEWYORK

October 5th, 1966

John P. Chase, Esq.
535 Boylston Street
Boston, Massachusetts 02116

Dear John:

It was indeed a pleasure for me to see you again a few weeks ago. I want to thank you very much for both your kindness and the generous amount of time you made available for our discussion, without any advance notice to speak of.

Now that a substantial part of my homework has been done with respect to raising about $225,000. as proposed for our family partnership, The Anderson Company, I am writing as requested to indicate that I would like to proceed further along the lines of my understanding of our conversation last month.

You may recall I indicated then that our marketable family assets were held in three investment accounts for which the latest monthly or quarterly positions, respectively, are attached approximately in toto as follows:

1 - (Mrs.) Alice S. E. Anderson	$ 103,700.
2 - Trust u/w of Lloyd D. H. Anderson	78,900.
3 - The Anderson Company	78,400.
Total	$ 261,000.

This total excludes not only about $14,000. (100 Sperry Rand common, Federal Home Loan Bank Bonds and cash) recently added in the partnership after profitably eliminating the Cerro and its off-setting debt but also the aforementioned private placement on which I am shooting for a closing sometime this fall.

Treating these three accounts as a single entity the fee for which would be our partnership's responsibility, you asked that I outline some preliminary thinking regarding the goals of each account.

The Trust is designed to provide my mother with lifetime income for her comfort, and I or any family I may later acquire would receive the principal if she precedes. Under current conditions there may well be a number of companies with which your people are in frequent close contact and whose equities are available with secure

dividends, are selling to provide a better current yield than that of government agencies to maturity and which appear to offer reasonable promise of capital appreciation over the next several years. Otherwise, I would expect a minimum relative amount of short-term investment activity in the Trust account.

Both my mother, for whom I have unqualified power of attorney, and I in the management of the partnership have in the past and would hope to continue the policy of utilizing some proceeds from the lower-bracket "long-term" capital gains as disposable income, as you suggested. Besides ordinary income from the Trust she continues to receive rent on certain Cambridge real estate now in accordance with recently-signed, ten-year leases. Placing greater stress on capital appreciation for her account, it would seem that current dividend and interest income might reasonably average a return on her invested capital in the order of magnitude of, say, 60% of that achieved for the Trust. Some short-term investments have been made in her account in conjunction with cyclical movements of the market or of selected securities.

I would expect that the highest relative degree of risk would be taken by the Company, which has in the past successfully used varying forms of leverage. Consequently a greater capital profit on investment and a lower income return could be envisioned for the partnership, which would be willing to make short sales and would expect to close out some positions in each year.

I hope this does as intended provide you with information necessary to proceed further. I expect to be in Boston shortly and consequently would be most appreciative if a duplicate of any correspondence be directed to me at 32 Pickwick Road, West Newton, Massachusetts 02165.

My mother with whom I have discussed the matter joins in sending our best regards, and we are grateful for your courtesies.

Sincerely,

D. S. H. Anderson

DSHA:ko
attachments(3)

PLAINTIFF'S EXHIBIT 4

THE ANDERSON-COMPANY
225 BENT STREET, CAMBRIDGE, MASSACHUSETTS 02141
TELEPHONE (AREA CODE 617) 864-7000

INVESTMENT ACCOUNT

Shares or Bonds (M)		Cost	7/18/66 Market	
4M	3 7/8% Air Reduction cv. (a)	$ 5,222.50	$ 4,120.00	
10M	5 1/2% Cerro Corp. cv. (b)	15,762.50	18,600.00	
20M	4 1/2% Chic. & NW inc. cv. (c)	37,391.25	37,400.00	
	Total Obligations	$ 58,376.25	$ 60,120.00	
100	Atlas Consol. Mining & Devel.	1,761.88	3,940.00	
100	Baltimore and Ohio Railroad	4,039.00	3,425.00	B
1800	Canadian Export G & O	7,888.62	6,200.00	
200	New Mex. & Arizona Land	5,666.00	4,525.00	
800	Railweight, Inc. (d)	11,342.76	6,100.00	B
200	Sperry Rand Corp. wts.	2,236.00	1,950.00	
2000	Spooner Mines Ltd.	2,299.70	1,800.00	
	Total Stocks	$ 35,233.96	$ 27,940.00	
	Total Portfolio	$ 93,610.21	$ 88,060.00	
	Estimated additional cash as follows:			
	July-August, 1966 (sale of Notes)		$ 30,000.00	
	August, 1966 - Contribution		20,000.00	
	August-September, 1966 (sale of Debentures)		65,000.00	
	Proposed 1966 Real Estate transaction		100,000.00	
	Total Estimated additional cash		$ 215,000.00	
	Total Estimated cash and Portfolio		$ 303,060.00	

B = bid

(a) All become aged 7/22/66 and pledged to secure loan of $ 3,972.88

(b) All aged and five bonds pledged with five NW bonds to secure loan of $ 11,027.12

(c) Five become aged 7/26/66 and the final five, 8/26/66. Fifteen bonds with other five Cerro bonds pledged to secure loan of $ 23,912.

(d) All pledged to secure loan of $ 6,088.

Note: Bank loans total $ 45,000.

PLAINTIFF'S EXHIBIT 4

A. S. E. ANDERSON ACCOUNT

Shares or Bonds (M)		Cost	9/30/66 Market
5M	5.0 % U. S. Treasury Note 11/15/70	$ 5,004.69	$ 4,914.50 B
25M	5.40% Federal Home Loan Bank 3/27/67	25,014.06	24.797.50B
	Total Bonds	$30,018.75	$29,712.00 B
	Common Stock Investments (a)		
200	Arkansas-Louisiana Gas	$ 8,630.76	$ 7,075.00
100	Atchison, Topeka & Santa Fe R.R.	3,888.25	2,787.50
138	Baltimore Gas & Electric (b)	1,771.50	4,433.25
120	Cluett, Peabody (b)	737.00	1,965.00
100	General Dynamics	2,431.00	4,100.00
150	General Motors (b)	360.88	11,231.25
100	Illinois Central Industries	7,471.43	6,587.50
100	Interchemical Corporation	3,712.38	2,700.00
200	Joy Manufacturing	2,707.38	4,875.00
150	Manufacturers-Hanover (c)	3,337.38	6,075.00 B
300	Matheson Company (c)	3,333.13	6,150.00 B
100	New York Central R.R. (d)	5,794.75	5,950.00
714	Railweight, Inc. (c)	3,684.30	4,819.50
200	Servomation	4,959.87	5,275.00
	Total Common Stocks	$56,140.63	$74,024.00
	Total Portfolio	$86,159.38	$103,736.00

B = bid

(a) All aged except New York Central

(b) 100 Baltimore Gas shares pledged along with all the Cluett and the General Motors to secure a bank loan in the principal amount of $10,000.

(c) 200 Matheson shares pledged along with all the Railweight and the Manufacturers-Hanover to secure another bank loan of $7,500.

(d) Becomes aged 2/27/67

Notes: (1) Bank loans total an aggregate of $17,500.

(2) Net long term capital gains of about $6,650. have been realized during calendar 1966 and were available as of 9/30/66 to be used in conjunction with possible tax loss sales.

PLAINTIFF'S EXHIBIT 4

TRUST u/w LLOYD D. H. ANDERSON

Common Shares or Bonds (M)	Dates	Investments:		Cost or Basis	9/30/66 Market	
		Transferred				
35 M	6/12/65	5% AECo., Inc. Debentures		$ 35,000.00		
300	3/ 7/66	Railweight, Inc.		4,762.50	$ 2,025.	(b)
100	3/10/66	American Airlines		4,631.13	5,375.	
		Total Transferred		$ 44,393.63	$ 7,400.	
		less Debentures redeemed (at par)		10,000.00		
				$ 34,393.63		
		Acquired				
100	9/ 7/65	Stauffer Chemical	$4,780.19			
		less sale of 100 rts. 4/1/66	20.20			
100	10/27/65	Arkansas Louisiana Gas		4,759.99	3,475.	
100	11/24/65	National Lead		4,327.94	3,537.	
5 M	12/ 1/65	7 1/2% Sheraton Debentures of 1989		6,945.90	5,538.	
100	2/14/66	Link Belt		4,812.50	4,625.	(b)
10 M	9/ 8/66	U.S. Treasury Bills due 12/8/66		4,214.88	3,425.	
10 M	9/ 8/66	5% FNMA due 2/10/67		9,878.00	9,901.	(b)
20 M	9/ 8/66	5.75% Fed'l Home Loan Bonds due 6/67		9,087.50	9,918.	(b)
				20,000.00	19,856.	(b)

Total Acquisition Cost	$ 64,926.71	
Total Transferred, Net	34,393.63	
Trust Inventory	$ 99,320.34	
Aggregate Market Value of Investments		$ 67,675.
Cash on hand		11,200.
Total Cash and Marketable Portfolio		$ 78,875.
5% AECo., Inc. Debentures (to be purchased by The Anderson Company from proceeds of proposed private placement)		$ 25,000.
		$103,875.
Reserve for contingency (to be held in Estate in the form of Federal Obligations)		15,000.
Total Portfolio as Estimated		$ 118,875.

(b) = Bid

PLAINTIFF'S EXHIBIT 4

[illegible] ESC [illegible] PANY

October 3, 196[illegible]

Total Balance

Marketable Investments

Shares or Units (M)	Description	Acq. Date(s)	Gross Cost	10/2 Market Price /Unit	Value Total
✓ 4M	3 7/8% Air Reduction cv.(2)	1/21/66	$ 5,222.50	$ 94 [illegible]/8	[illegible]
✓ 20M	[illegible]% Chic. & NW inc. cv.(1)(2)	(4)	36,530.85	12[illegible]	[illegible]
✓ 10M	4.25% Fed. Home Loan 11/15/66	9/66	9,987.50		[illegible]
5M	5.40% Fed. Home Loan 2/15/67	9/66	5,000.00		[illegible]
✓ [illegible]	Baltimore & Ohio RR common	9/30/65	4,039.00	28 1/2	2,[illegible]
✓ [illegible],[illegible]	Canadian Export G & O common	(4)	7,888.62	[illegible] 3/4	[illegible]
[illegible]300	New Mex. & Arizona Land com.	(2)	8,348.25	13 [illegible]/2	[illegible]
[illegible]70	Railweight, Inc. common(2)	(2)	11,342.76	4 1/2b	[illegible]
[illegible]00	Sperry Rand common	8/66	2,920.94	23 1/8	[illegible]
3,000	Spooner Mines, Ltd	(2)	2,299.70	0.85	[illegible]
	Totals		$93,580.12		$65,[illegible]

(1) Held by The Bank of New York - 5M Chicago & Northwestern Railroad

(2) Held by State Street Bank and Trust Company - 15M Chicago & Northwestern Railroad

(b) Bid

PLAINTIFF'S EXHIBIT 5(

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

October 6, 1966

Mr. D. S. H. Anderson
Lawrence H. Douglas & Co., Inc.
70 Wall Street
New York City 10005

Dear Doug:

This will acknowledge receipt of your letter of October 5th, which I interpret to mean that you have decided to employ this firm to manage the three accounts included in your letter. If this be so, I want you to know how much I appreciate the confidence in this firm you have indicated and I certainly look forward to working with you on the investment management of the accounts.

I am proceeding to set these accounts up and study certain of the individual companies, as well as analyzing the over-all balance of the three portfolios relative to their specific investment objectives. At some point I certainly would want to discuss with you this question of carrying bank loans on which the interest rate must exceed the yield currently being derived from your U.S. Treasury and Agency Notes. We would not want to have you expect us to operate on the short side of the market nor, under ordinary circumstances, involve the accounts in margin trading. Certainly I think this would be inappropriate, if not definitely unwise, for the Trust and your mother's accounts. I believe from the present general level of the stock market sufficient appreciation opportunities will be available without leveraging.

When you come to Boston please let me know as I would welcome the opportunity at that time of going over the accounts with you and clearing up any unanswered questions that we may have.

You will find enclosed our simple form of investment adviser's contract which we are required by S.E.C. rules to have signed before actually entering into a working relationship with any client.

With best wishes,

As ever,

John

John P. Chase, Chairman

JPC:g
Enclosure
CC: West Newton, Massachusetts

383a

PLAINTIFF'S EXHIBIT 5

— who handle —

Mr. Boucolt to [illegible]

then young fellow' downstairs

PLAINTIFF'S EXHIBIT 6

(as of) November 1st, 1966

John P. Chase, Inc.
The Chase Building
535 Boylston Street
Boston, Massachusetts 02115

Gentlemen:

We hereby retain you as investment managers to analyze and supervise the investment accounts of (Mrs.) Alice S. E. Anderson, Trust under the Will of Lloyd D. H. Anderson and The Anderson Company and to advise us concerning any changes in the investments which you may consider expedient with reference to the state of these accounts and to market conditions.

The accounts of which you are to assume supervision are shown on the attached list, and we agree to inform you of all future changes therein. It is understood that you assume no responsibility for action taken or omitted in good faith if negligence, willful or reckless misconduct, or violation of applicable law, including the Federal securities laws, is not involved.

For your services, we agree that you shall be entitled to the following compensation: At the end of each four month period of your services hereunder, one-sixth of one per cent of the then fair market value of the account up to and including $500,000, plus two-fifteenths of one per cent of the then fair market value in excess of $500,000. In any event, we agree to pay you not less than $333.33 for each four month period of services rendered by you.

This arrangement, although mutually revocable at any time, is to continue in effect until written notice to the contrary is given by either of us, and no assignment of this contract can be made without our consent.

Very truly yours,

The Anderson Company
by D.S.H. Anderson,
managing partner

Accepted:

JOHN P. CHASE, INC.

By John C. Chase
Treasurer

PLAINTIFF'S EXHIBIT 7

Pltf Ex 21-22
BS - 1/8/74

ask John Chase re reconciliation w/ his - as Lawler has - attach to Letter Agreement

LAWRENCE H. DOUGLAS & CO., INC.
70 WALL STREET
NEW YORK, NEW YORK 10005

MEMBERS
NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE (ASSOCIATE)
DETROIT STOCK EXCHANGE

TELEPHONE
(212) 425-1450
CABLE: LAWDOUGINC
NEW YORK

November 14, 1966

Mr. John P. Chase
535 Boylston Street
Boston, Massachusetts 02116

Dear John:

Along the lines of our telephone conversation on Friday, I am enclosing the copy you previously furnished of the letter agreement with respect to your organization serving as investment manager for the three accounts specified therein.

The two suggested changes in language to which I referred last week both related only to the second sentence of the second paragraph. These are proposed to clarify my understanding as follows:

1) In lieu of the word "if" between "good faith and negligence", would you have inserted "except to the extent that ...
2) in lieu of the word "not" between "is" and "answered", the phrase "on your part".

I plan to be in Boston during the week of November 20th and hope to learn in advance (a) that these changes also reflect your thinking and (b) when it would be convenient to meet with you and the other gentleman who it is proposed will supervise these investment accounts in order to hear your preliminary thinking about them.

With best regards, I am,

Sincerely

Doug Anderson

D. S. H. Anderson

11/16/66 @ 11 40 a from 425-1450 to John P. Chase @ 363-3229 he told me that his intention is same as above but language is SEC's and can't be changed

SAN FRANCISCO OFFICE: 351 CALIFORNIA STREET, CALIFORNIA 94104
TELEPHONE (415) 434-4000

PLAINTIFF'S EXHIBIT 8

D.X-1
11/19/73
@ W&C

THE ANDERSON COMPANY

AREA CODE 212
425-1450

D. S. H. ANDERSON

LAWRENCE H. DOUGLAS & CO., INC.
MEMBERS NEW YORK STOCK EXCHANGE
70 WALL STREET, NEW YORK, NEW YORK 10005

PLAINTIFF'S EXHIBIT 8

THE ANDERSON COMPANY

The Company

The Anderson Company (herein sometimes also called "the Company" or "the Partnership") is a Massachusetts family partnership principally engaged in the business of holding real and personal property for investment. Approximately one-half of its recent net worth was represented by investments both in real estate improvements under long-term lease and in debt securities with various maturities through 1974, the payment of all of which constitute fixed obligations of the privately-held Anderson Engineering Co., Inc. ("Engineering" or "the Corporation"), which is also located in Cambridge, Massachusetts.

It is the purpose of this brochure to provide summary information as a basis for obtaining indications of interest by possible lenders in further discussing the proposed offering.

This Offering

The Company is offering to sell privately $225,000. of its ___ % fifteen-year obligations suggested to be due on or about December 31,1981. It is proposed that this borrowing (1) be secured in part by a first lien on 20,000 square feet of land as improved with three masonry buildings comprising 13,400 square feet of office and manufacturing area, located in Cambridge and under net lease to Engineering and (2) in addition be collateralized by obligations of the Corporation presently owned and to be acquired by the Partnership. Certain suggested provisions of the proposed indebtedness are set forth in the attached Appendix A.

Coverages of the Corporation's Funded Debt

Table I on the following page presents a six-year summary of the Corporation's sales, income and income coverage of pro forma interest. (Detailed comparative income statement data for its six full years of operations is contained in Appendix E.)

Table I
ANDERSON ENGINEERING CO., INC.
Income Statement and Coverage Data
(000)

Fiscal Years Ending 4/30	Net Sales	Available Income (a)	Income After Taxes	Depreciation (b)	---Interest--- Actual	Pro Forma (c)	----Rent---- Actual	Pro Forma (d)	Income Coverages Pro Forma Interest Incl.	Pro Forma Rent Excl.
1966	$ 468.3	$ 36.8	$ 10.0	$ 3.5	$ 4.9	$ 8.5	$ 15.0	$ 12.6	2.5x	4.3x
1965	590.6	65.5	20.6	3.7	5.2	8.8	15.0	12.6	3.8x	7.4x
1964	565.1	30.3	11.2	1.3	5.4	9.0	15.0	12.6	2.1x	3.4x
1963	467.4	8.2	2.0	2.2	5.4	9.0	15.0	12.6	1.1x	0.9x
1962	629.3	49.5	17.6	3.1	5.0	8.6	15.0	12.6	3.0x	5.8x
1961	628.5	46.0	17.8	4.9	5.5	9.1	15.0	12.6	2.8x	5.1x
Six-Year Average	558.2	39.4	13.2	3.1	5.2	8.8	15.0	12.6	2.5x	4.5x

(a) Income before income taxes, interest expense, contributions to profit sharing plan, and year-end bonuses
(b) Excluding depreciation on fixed assets, formerly leased and recently acquired for $8.2 thousand
(c) The sum of interest actually paid and $4.1 thousand (6 1/2% on $35.0 thousand State Street Bank loan and 6% on $30.0 thousand subordinated Promissory Notes) less $0.5 thousand (5% on $10.0 thousand principal amount of Debentures redeemed on February 1, 1966)
(d) Average net, net rental per annum for the six-year period to end August 31, 1972 in accordance with the terms of ten-year leases commencing as of September 1, 1966. As a result of the acquisition on June 30, 1966 of the fixed assets which had been leased during the fiscal years 1961 through 1966, the former net, net rent was reduced by an amount equivalent to $3.0 thousand on an annual basis.

History of the Business

Anderson Engineering Co. was founded as a proprietorship during 1930 in Boston, Massachusetts by the late Lloyd D. H. Anderson for the purpose of selling not only screens, conveyors and crushing equipment for gravel and stone processing plants but also snow-removal and ice control products for highway use. Under his direction the business prospered, commenced the manufacture of those items which are attached to motor vehicles, and was relocated across the Charles River to Cambridge.

In 1945 his wife, Alice S. E. Anderson, acquired for total consideration of $22,500. about 20,000 square feet of land at 225-237 Bent Street having 100 feet of frontage on Fifth Street along with an 8,800 square foot, single-story building of brick construction erected in 1917, both of which were promptly leased to the business. A 1,200 square foot, single-story brick office building was completed the same year at a cost of $6,280. and adjacent to the main Bent Street facility used for fabrication purposes. Another steel and concrete manufacturing building was erected in 1950 at a cost of $26,630. This faces on Fifth Street, is connected to the main building and covers 3,400 square feet with a stud height of 22 feet. Approximately 3,200 additional square feet are bridged by an open overhead craneway structure. A recent appraisal of this land and these three buildings was obtained by Anderson Engineering Co., Inc. and indicates that this real property has a current market value of approximately $120,000.

The Corporation has been maintaining the entire property which is sound, in good repair and located in the easterly section of Cambridge where zoning permits a broad number of business uses. The site is in an area of good and increasing demand, close to public transportation, to Massachusetts Institute of Technology and to the new National Aeronautics and Space Administration complex under development near Kendall Square.

As of May 1, 1952 the manufacturing and distributing activities of the proprietorship were assumed by the Company, then also known as Anderson Engineering Co. and prior to which date Mrs. Anderson, Mr. Anderson and their sole progeny, Douglas S. H. Anderson, all joined as the only three members.

About September 1, 1959 the Corporation succeeded the business activities of the Partnership. Anderson Engineering Co., Inc. issued $100,000. principal amount of fifteen-year 5% Debentures all due September 1, 1974 in connection with the acquisition of certain Company assets. L. D. H. Anderson was President of Engineering from its inception until his death on October 31, 1964.

The Partnership purchased his former interest in mid-1965, adopted its present name by Amendment to the Agreement about a month later, when D. S. H. Anderson was designated as managing partner. Mrs. Anderson is to become a limited partner, and she is not active.

Anderson Engineering Co., Inc. presently designs, manufactures and distributes specially engineered steel items for consumption in the construction equipment industry. Sold under the trade name "Anderson", the product line includes snowplows for trucks, tractors and locomotives; truck-mounted, mechanically - and hydraulically-operated, body-type material spreaders for highway ice control and for seal coating purposes; hydraulic cranes and catch basin cleaning equipment; and conveying as well as storage equipment for processing plants which handle sand, gravel and stone.

Recent Transactions

On February 1, 1966 Engineering redeemed $10,000. principal amount of its 5% Debentures at par plus accrued interest. At the end of June, after several months of armslength negotiations, the Corporation and three of its executives purchased all its

common stock which had been lodged in the Estate of Lloyd D. H. Anderson ("the Estate") almost completely by utilizing funds previously borrowed from State Street Bank and Trust Company in Boston. In addition Anderson Engineering Co., Inc. issued three Promissory Notes as evidence of its indebtedness to The Anderson Company in the aggregate principal amount of $30,000. presently outstanding for substantially all its common stock remaining in Anderson family hands and for certain personal property which the Corporation had formerly been leasing from the Company. A summary of the major provisions of En eering's non-bank indebtedness is provided in the attached Appendix B.

One of the conditions of State Street's loan to the Corporation involved the Partnership's subordinating these three Notes to but only to the Bank's loan, the final payment on which is due July 1, 1969. The Company succeeded in obtaining the unconditional, joint and several guaranty of these Notes by the three principal stockholder-executives, whose average tenure with the Corporation's business exceeds fifteen years. Their individual net worths are understood to aggregate a total of about $200,000.

As of August 31, 1966 Anderson Engineering Co., Inc. agreed to lease for a minimum ten-year term commencing on September 1, 1966 the real estate with its improvements in which premises the business has been continuously conducted since 1945. Current real estate advice to the Company indicates that the annual rental amounts are considered to be conservative both for the general area and for the particular facilities. (The Letter Agreement to Lease is attached as Appendix C, and a summary of certain provisions of the present lease as so modified is contained in the subsequent Appendix D.)

Balance Sheet Data of the Corporation

Summary pro forma balance sheet data for the Corporation appears below in Table II as adjusted (1) for borrowing $35,000. from State Street Bank and Trust Company; (2) for its acquisition of 1,700 common shares from the Estate for aggregate consideration of $34,969.; and (3) for its purchase also on June 30, 1966 of certain personal property and of 1,100 of its common shares all from the Company for a total price of $30,827. (The Corporation's certified financial statement appears in the attached Appendix F.)

Table II
ANDERSON ENGINEERING CO., INC.
Pro Forma Balance Sheet Data
as of April 30, 1966
(000)

Cash (a)	$ 87.2
Total Current Assets (a)	271.0
less: Current Portion of Term Loan	7.0
Other Current Liabilities	39.4
Net Working Capital	$ 224.6
Plant and Equipment, Net (b)	19.3
Net Tangible Assets before Long-Term Debt	$ 243.9
less: Term Loan	28.0
subordinated Notes	30.0
Debentures	90.0
Total Long-Term Debt	$ 148.0
Tangible Equity	$ 95.9
Total Assets (a)(b)	$ 290.3

(a) After adjusting for the amount of $827 paid on June 30, 1966 to The Anderson Company

(b) Reflects an increase by $8,200., the aggregate cost of the machinery and tools as well as furniture and fixtures acquired then from the Company.

Capitalization of the Corporation

The capitalization of Anderson Engineering Co., Inc. at its April 30, 1966 fiscal year-end as adjusted for the various aforementioned transactions is set forth in Table III below.

Table III
ANDERSON ENGINEERING CO., INC.
Capitalization
(000)

		4/30/66 as Adjusted(a)
Long-Term Debt		
_% Promissory Note due State Street Bank and Trust Company (b)		$ 28.0 (c)
6% subordinated Promissory Notes (d)		30.0
5% Debentures due in four equal annual amounts of $22.5 thousand on September 1st of each year from 1971 through 1974 inclusive		90.0
Total Long-Term Debt		$ 148.0
Capital Stock	shares	
Participating Preferred Stock ($10. par value) (e)		
authorized	3,000	
issued and outstanding	1,750	$ 17.5
Paid-in premium		10.9
Common Stock ($10. par value)		
authorized	9,500	
issued	6,600	
(less treasury stock)	(3,684)	
outstanding	2,916	$ 29.1
Retained Earnings		38.4
Total Capital Stock		$ 95.9
Total Capitalization		$ 243.9

see following page for footnotes

PLAINTIFF'S EXHIBIT 8

(a) Adjusted (1) for the take-down of $35 thousand from State Street and for the purchase of 1,700 shares of common stock from the Estate at the April 30, 1966 book value price of $20.57 per share and (2) for the purchases also on June 30, 1966 both of 1,100 shares of common stock at the same book value price per share, an aggregate of $22,627., and of certain personal property for $8,200., of which total amount the subordinated Promissory Notes represent the balance due to the Company

(b) Interest payable quarterly at rates 1% above the Bank's prime rate with a maximum rate of 6 1/2% per annum and a minimum rate of 5 1/2%

(c) Excludes current portion of $7 thousand, and all repayable in unequal amounts on quarterly dates with the final $4 thousand due on July 1, 1969

(d) Due and payable as follows: $11 thousand on May 1, 1969; $11 thousand on May 1, 1970; and $1 thousand on September 1 in each year from 1967 through 1974 inclusive

(e) Generally is entitled neither to vote nor to receive any fixed cash dividend in any year. Participates with the common (voting) stock (1) in cash dividends equally when paid and (2) in liquidation equally when the book value of the capital stock outstanding exceeds its total par value, plus $0.50 per share.

Management of the Corporation

Each of the three principal executives of Anderson Engineering Co., Inc. have been continuously employed by the business for over fifteen years and is married with at least two children. All three have engineering backgrounds, serve in complementary capacities and are common stockholders. The names of the Corporation's Directors (*) appear below with the Officer's respective ages, annual compensation and present stockholdings. The year of initial employment is indicated in parenthesis following his or her name

	share holdings			
	pfd.	com.	total	%
*Walter E. Stadtman, President, 43, $15,600. (1951)	500	1,064	1,564	33.5%
*Robert M. Carson, Senior Vice President, 47, $15,600. (a) (1948)	500	1,064	1,564	33.5
*John J. Survelas, Treasurer 40, $10,200. (1948)	400	588	988	21.2
Dorothy J. Lansil, Clerk & Ass't. Treasurer 38, $6,760. (1947)	300	-	300	6.4
*D. S. H. Anderson	-	200 (b)	200	4.3
*John S. Whipple, Esq., Partner, Messrs. Peabody, Arnold, Batchelder & Luther Boston, Massachusetts	50	-	50	1.1
	1,750	2,916	4,666	100.0%

(a) Of which amount $11,700. (75%) is drawn against his commission income

(b) All of which shares are owned by the Company

PLAINTIFF'S EXHIBIT 8

Financial Data of the Company

Prior to the execution of the Loan Agreement covering the proposed indebtedness, it is contemplated that Mrs. Alice S. E. Anderson will contribute to the Partnership the 8,800 square foot manufacturing building, which was acquired with the land she purchased in 1945. As a result of an intended "armslength transaction" based upon independent evaluations, D. S. H. Anderson is subsequently to acquire that land. He has agreed to contribute to the Partnership a ground lease on it and to expire in 1983 at the end of the useful lives of the three buildings under their present 3% straight-line annual depreciation schedule. The fee interest will be pledged as security for the proposed obligation, and the terms of the ground lease are also to be satisfactory to the Lender.

A summary Statement of Financial Condition of The Anderson Company at its April 30, 1966 fiscal year-end and pro forma for the proposed borrowing is presented in Table IV on the following page. (The detailed statement of the Company's financial condition at the end of its latest full year is attached as Appendix H.) Five-year comparative income statement data for the Partnership appears in Appendix G.

Table IV
The Anderson Company
Statement of Financial Condition
(000)

	Actual 4/30/66	Pro Forma (a) for Borrowing $225 thousand
Current Assets		
Cash on Deposit	$ 11.0	$ 42.8
Accrued Items	0.9	-
Investments (at cost)	109.1	299.1
Total Current Assets	$121.0	$341.9
Current Liabilities		
Notes Payable to Banks	$ 52.0	$ 52.0
Net Working Capital	$ 69.0	$289.9
Fixed Assets		
Real Estate Improvements, Net	$ 17.5	$ 22.8
Other Fixed Assets, Net	1.9	0.3
Long-Term Investments	55.5	123.9 (b)
Net Tangible Assets before Long-Term Debt	$143.9	$436.9
___% Proposed Long-Term Debt	-	$225.0
Net Worth	$143.9	$211.9
Total Assets	$195.9	$488.9

(a) Pro forma (1) for receipt of initial installments totaling $827. against three of Engineering's unconditionally guaranteed 6% subordinated Promissory Notes; (2) for the payment of all accrued items; (3) for the contribution by the partners of $55,000. in the aggregate as evidenced by cash in an amount of $20,000. and by 5% Debentures issued by the Corporation in the principal amount of $35,000.; (4) for the contribution at its depreciated book value of $5,300. of the remaining masonry building at 225-237 Bent Street, Cambridge, Massachusetts; (5) for the purchase at par of $25,000. principal amount of 5% Debentures of Engineering; and (6) for the issuance by the Company of the proposed __% obligation.

(b) Consisting of long-term debt and common stock all of the Corporation as follows: $90,000. principal amount of 5% Debentures; $30,000. in the aggregate outstanding principal installments on three 6% subordinated Promissory Notes; and 200 shares each with a book value basis of $19.60, for an aggregate amount of $3,920.

PLAINTIFF'S EXHIBIT 8

Pro Forma Asset Coverages

Based upon the figures contained in the foregoing summary statement of financial condition, pro forma asset coverage per $1,000. of Long-Term Debt would be as follows:

Net Working Capital	$1,288
Net Tangible Assets before Long-Term Debt	$1,942
Net Worth	$ 942

Respectfully submitted,

The Anderson Company

D. S. H. Anderson

December, 1966

PLAINTIFF'S EXHIBIT 8

The Anderson Company

APPENDIX A

THE ANDERSON COMPANY
Summary of Certain Suggested
Provisions for Long-Term Debt

Principal Amount — $225,000.

Maturity — December 31, 1981 - approximately 15 years

Interest — At the rate of __% per annum on the unpaid balance and to be payable at least semi-annually on June 30 and December 31

Use of Proceeds — Proceeds will be used by the Company to provide additional working capital and to be invested in non-marketable securities or in marketable securities upon suitable investment advice or both

Security — The proposed obligation is (1) to be secured in part by a first lien on the land and three buildings thereon located at 225-237 Bent Street, Cambridge, Massachusetts, and by the assignment of rents payable in accordance with the long-term lease on the premises, and (2) to be collateralized by obligations of Anderson Engineering Co., Inc. in the principal amount of $120,000. presently outstanding.

Installment Redemption — The Company is to be required to redeem in installments on December 31st of each of the years 1967, 1968, and 1969, $4,500. (2.0%) and on December 31st of each of the years 1970 through 1980 inclusive, $17,500. (7.78%) to retire $206,000. (91.56%) at 100 and prior to maturity. The weighted average life to maturity of the proposed obligation would thus be 9.1 years on December 31, 1966.

Prepayment — The Company at its election and following not less than 30 days' nor more than 60 days' notice to the holder of the obligation may:

A) Prepay annually and without penalty on each installment redemption date an amount of principal up to but not exceeding the amount then required to be redeemed;

B) Prepay the obligation at any time in whole or in part (in multiples of $5,000.) from time to time, all such partial prepayments being applied against required redemptions and in inverse order of their maturity, at the following prices:

Period through 12/30

1967 - 105 3/4	1972 - 103 7/8	1977 - 102
1968 - 105 3/8	1973 - 103 1/2	1978 - 101 1/2
1969 - 105	1974 - 103 1/8	1979 - 101
1970 - 104 5/8	1975 - 102 3/4	1980 - 101 1/2
1971 - 104 1/4	1976 - 102 3/8	and thereafter

at 100 (all presuming an interest rate of 5 3/4% on the proposed obligation).

C) Prepay without penalty the obligation by an amount which represents the difference between its principal amount then outstanding and the principal amount of the Corporation's obligations then outstanding to the Company, all such prepayments being applied against required redemptions and in inverse order of maturity, in the event:

1) that the land and the three buildings are sold or otherwise disposed of;
2) of total condemnation of the demised premises;
3) of partial condemnation of the premises following which the landlord elects not to restore the same; or
4) of damage to the premises by fire or other cause insured against as a result of which damage either the landlord or the tenant exercises its right to terminate the leases, provided, however, that any prepayments so required be made from the proceeds of available insurance or of condemnation award.

Financial Reports — Within 60 days of the end of each of the first three fiscal quarters, the Company will provide to the Lender a balance sheet and a statement of profit and loss for the quarter and for the portion then ended of such fiscal year and certified by a partner. Within 90 days of the end of a fiscal year, the Company will provide certified annual statements.

Expenses — All expenses of counsel, etc., will be borne by the Company.

PLAINTIFF'S EXHIBIT 8

The Anderson Company

APPENDIX B

ANDERSON ENGINEERING CO., INC.
Summary of Major Provisions
of Non-Bank Indebtedness

Principal Amount — $120,000. in the aggregate

Installment Maturities

A) $90,000. of 5% Debentures due and payable in four equal annual amounts of $22,500. on September 1st in each year from 1971 through 1974, inclusive; and

B) $30,000. of 6% Promissory Notes due $11,000. on May 1st of each of the years 1969 and 1970 and $1,000. on September 1st in each year from 1967 through 1974, inclusive

Seniority — Except for stated maturities, the Debentures rank pari passu to a certain Bank loan, which has its final maturity on July 1, 1969 and only to which the Promissory Notes have been subordinated.

Security — Both obligations are unsecured, but the Debentures carry a negative pledge clause

Guaranty — The Promissory Notes are unconditionally, jointly and severally guaranteed by three stockholder-executives of the Corporation whose individual net worths are understood to aggregate a total of about $200,000.

Rights of Prepayment — The Corporation may call all or from time to time any portion of either or both obligations for redemption at par and accrued interest. Any such prepayment shall be without penalty and must be in multiples of thousands of dollars. While any portion of the current Bank loan is outstanding, however, the Corporation covenants in the Bank Loan Agreement that it will not prepay the Debentures and the Company covenants in the Subordination Agreement that it will not accept any prepayment of the Promissory Notes.

Limitations on Indebtedness — As long as any indebtedness remains unpaid on the outstanding Debentures, the Corporation will not create any additional indebtedness or incur any any additional liabilities or obligations or enter into any contracts or agreements, except in the ordinary course of business and except:

A) The loan from State Street Bank and Trust Company in the principal amount of $35,000.;

B) Short-term indebtedness for money borrowed only from State Street Bank and Trust Company of which not more than $50,000. in the aggregate is to be outstanding at any one time; and

C) Mortgages, liens or encumbrances as may be created in the ordinary course of business but not in excess of $20,000. in the aggreagate to be outstanding at any one time

Restricted Payments and Investments — As long as any indebtedness remains unpaid on the outstanding Debentures, the Corporation will not:

A) Pay any dividends on its preferred or its common stock;

B) Purchase or acquire the property, assets or securities or guaranty the debts or obligations of or make any capital contribution of any

kind whatsoever to any person, firm or corporation except in the ordinary course of business;

C) Purchase or redeem any of its outstanding preferred or common stock other than

1) Preferred stock acquired in exchange for common stock;
2) Shares of its common or preferred stock purchased from the estate of a deceased stockholder only by the use of proceeds of life insurance payable to the Corporation;
3) Stock held by one but only one of the three key stockholder-executives upon the termination of his employment for any reason and provided that

a) the purchase does not reduce net working capital of the Corporation below $160,000., and
b) the shares so purchased do not represent more than one-third (33 1/3%) of the total shares then outstanding and entitled to vote just prior to such purchase

D) Increase the respective salaries and other compensation, other than annual bonuses, of the three stockholder-executives by more than 3% in any year commencing May 1, 1966 nor pay to such individuals in any year net bonuses after withholdings

1) Exceeding $20,000. in the aggregate until May 1, 1970 and
2) Exceeding $15,000. in the aggregate thereafter, provided that in any fiscal year the Corporation

a) may pay to such individuals bonuses in excess of $15,000. if for each dollar of bonuses paid one dollar is also paid on the principal of its non-bank indebtedness and
b) pays such permitted bonuses out of available earnings before income taxes for the same fiscal year;

E) Have any loans or advances in the aggregate outstanding and receivable in excess of $6,000. at the end of any fiscal year to all persons, firms and corporations; and

F) Make any capital expenditures for capital assets in excess of $17,500. in the aggregate in any fiscal year.

Maintenance of Working Capital

The Corporation covenants in the Bank Loan Agreement that it will at all times maintain Net Working Capital in excess of $150,000., computed in accordance with generally accepted accounting principles.

Other Covenants

As long as any indebtedness remains unpaid on the outstanding Debentures, the Corporation covenants that it will:

A) Not merge or consolidate with any other corporation or sell, transfer, mortgage, pledge or assign all or substantially all of its assets or property;

B) Not make any material reduction in the amounts of its insurance policies now in effect covering losses from business interruption and fire and property damage;

C) Give prompt notice of the institution of any litigation against it in which the amount involved is in excess of $10,000.;
D) Make available its books and records for inspection;
E) Permit The Anderson Company to have a business address in the office building it now uses;
F) Mail to the Company monthly financial and other normal operating statements within 60 days after the end of each month and annual financial statements within 75 days after the end of each fiscal year and certified by an acceptable independent accountant; and
G) Maintain its Board of Directors at the fixed number of five directors.

Executives' Covenants

As long as any of the obligations of the Corporation remain unperformed with respect to the Notes and the Debentures among other things, the three stockholder-executives jointly and severally covenant:

A) To vote for the election of D. S. H. Anderson or his nominee as a Director of the Corporation at each meeting at which directors are elected;
B) Not to transfer, sell, assign, pledge or otherwise dispose of their shares of the Corporation except:
    1) As security for loans from State Street Bank and Trust Company, and
    2) In the event of the termination of employment of any one individual or in the event of the death of any individual in both of which events as hereinbefore provided; and
C) In the event of any default in the payment by the Corporation of principal or interest on any indebtedness to State Street Bank and Trust Company or on the Debentures or on any of the Promissory Notes, any of which default(s) continues and is neither cured nor waived within ninety days, then if requested in writing by the Company and if at the end of the ninety-day period the Corporation's aggregate indebtedness on the Debentures and the Promissory Notes is:
    1) In excess of $67,500., any two stockholder-executives who are then directors of the Corporation will resign as directors and if the third stockholder-executive is then a director he will vote to fill the vacancies so created with such persons as may be designated by The Anderson Company, and
    2) Less than $67,500., one stockholder-executive who is then a director of the Corporation will resign and the other stockholder-executives who are then directors will vote to fill the vacancy so created with such person as may be designated by The Anderson Company,

provided that in any event whenever such default has been cured or waived those persons who have been so designated by the Company and have been elected as directors shall promptly resign as such.

Modification of Indenture

With the consent in writing of the holders of two-thirds (66 2/3%) of the principal amount of Debentures outstanding and not called for redemption, the Indenture may be modified by a Supplemental Indenture executed by the Corporation and by the Trustee, James W. Noonan, Esq., Partner, Messrs. Herrick, Smith, Donald, Farley & Ketchum, Boston, Massachusetts.

PLAINTIFF'S EXHIBIT 8

APPENDIX C

THE ANDERSON COMPANY
225 BENT STREET, CAMBRIDGE, MASSACHUSETTS 02141
TELEPHONE (AREA CODE 617) 864-7000

August 30, 1966

By Hand

Anderson Engineering Co., Inc.
225 Bent Street
Cambridge, Massachusetts 02141

Attention: Mr. Walter E. Stadtman,
President

Gentlemen:

This will confirm the understanding reached in your offices today between Anderson Engineering Co., Inc., at that time represented by three of its five Directors, as tenant, and Alice S. E. Anderson (Mrs. Lloyd D. H.) d/b/a Derby Realty Co., along with The Anderson Company, both the latter two parties as landlords, to wit:

1) The tenant will promptly enter into a new ten-year lease or leases with the landlord or landlords, as the case may be at the time of the signing of such lease(s).

2) The leases will cover the land and buildings ("premises") rented by the tenant under leases dated about September, 1959, and include crane supporting structures, but exclude the personal property purchased from The Anderson Company on June 30, 1966, under Agreement III between the parties.

3) The lease(s) will continue as so-called "net, net leases" to commence as of September 1, 1966, and to extend for the ten-year term ending on August 31, 1976, with the tenant responsible, among other things, for the payment of all taxes, insurance, water charges, and maintenance.

4) The aggregate annual rental amount, the pro rata portion of which is to be paid to the landlord(s) on the first day of each month, shall be $12,000. ($1,000. per month) for the year to end August 31, 1967, and shall increase annually by an amount of $240. ($20. per month) for each of the remaining nine years to result in an aggregate rental amount of $14,160. ($1,180. per month) for the final year of the term.

5) Payment of the rental in a timely manner at all times shall be a fixed obligation of the tenant, but such payment shall not carry the written personal guarantee(s) of any officer or employee of the tenant.

ANDERSON

PLAINTIFF'S EXHIBIT 8

6) There is no implication whatsoever either that the tenant have any option to purchase the leased premises or that the landlord(s) shall not be free at any time to mortgage or otherwise to encumber or to sell such premises, but any such encumbrance or sale shall be subject only to the lease(s).

7) The new lease(s) is to be drawn by counsel to the landlord(s) and in form acceptable to counsel for tenant.

8) It is understood that in addition to the terms set forth in this letter, the new lease(s)will contain such additional terms and conditions as are customary for leases on comparable real estate and for comparable duration, provided that such additional terms and conditions are satisfactory to counsel for tenant and to counsel for the landlord(s).

9) It is contemplated that it will be necessary for all the Directors of the tenant to sign a corporate resolution dated as of August 31, 1966, in order for the tenant to modify the present leases and to permit the tenant to enter into the new lease(s). All those officers of the tenant who are also Directors of the tenant agree to sign such resolution.

10) This Agreement is to take effect as a sealed instrument and is to be construed under the laws of the Commonwealth of Massachusetts.

Sincerely,

THE ANDERSON COMPANY

D.S.H. Anderson

D.S.H. Anderson
Managing Partner

DERBY REALTY CO.

Alice S.E. Anderson by D.S.H. Anderson

Alice S. E. Anderson
By D. S. H. Anderson, Atty.

Accepted as of this 31st day of August, 1966:

ANDERSON ENGINEERING CO., INC.

By Walter E. Stadtman

its ~~(Vice)~~ President and Director

(Corporate Seal)

PLAINTIFF'S EXHIBIT 8

The Anderson Company

APPENDIX D

ANDERSON ENGINEERING CO., INC.
Certain Provisions of Leases

Leased Premises	A certain parcel of land containing about 20,000 square feet together with the one story brick building situated thereon and numbered 237 Bent Street, the one story brick office building of approximately 24 feet by 50 feet in floor space, and the building of approximately 100 feet by 34 feet used for manufacturing purposes all located at the corner of Bent and Fifth Streets, Cambridge, Middlesex County, Massachusetts.
Term	A minimum period of ten years commencing on September 1, 1966, continuing through August 31, 1976 and thereafter from year to year until one party shall give the other party notice of termination.
Rent	The tenant shall pay as a fixed obligation to the landlord in twelve equal monthly installments in advance commencing on the first day of the term as rent an aggregate annual rental amount beginning with $12,000. for the year to end August 31, 1967 and increasing annually by an amount of $240. for each of the next nine years to result in an aggregate rental amount of $14,160. for the tenth year of the term, and thereafter increasing annually by the same $240. amount.
Taxes and Assessments	The tenant shall pay as additional rent all the real estate taxes including any general or special assessments levied by the City of Cambridge and any governmental agencies.
Fire Insurance	The tenant at its expense shall keep all buildings erected in and upon the leased premises insured for the benefit of the landlord against loss or damage by fire and against such other risks as are covered by endorsement commonly known as supplemental or extended coverage in responsible insurance companies and shall keep in force such insurance at all times in an amount not less than the full insurable value of the buildings. The tenant shall also carry war damage insurance providing that such insurance is made available by any governmental authority.
Liability Insurance	The tenant at its expense shall keep in force for the benefit of the landlord comprehensive general liability insurance with minimum limitation of liability in respect to bodily injury of $100,000. for each person and of $300,000. for each occurrence and in respect to property damage of $25,000. for each occurrence.
Utility Charges and Heat	The tenant shall pay all charges for water, sprinkler, electricity, gas, telephone and other utility charges furnished to the leased premises, shall also pay sewer charges and taxes as well as supply its own heat to the demised premises at its own expense.

Repairs and Alterations

The tenant agrees to accept the leased premises in the condition existing at the commencement of the term and at its expense to make all repairs, structural and ordinary, as well as extraordinary, to maintain them in good order and condition.

Tenant to Indemnify Landlord

The tenant shall indemnify the landlord against any and all liabilities, fines, suits, claims, demands and actions and costs and expenses of any kind or nature including attorney's fees arising out of

A) Any breach or non-performance of any covenant or condition in the lease set forth, and
B) Any damage to property occasioned by the tenant's use and occupancy of the demised premises, and
C) Any injury to person(s) including death resulting at any time therefrom occuring in or about the demised premises or on the sidewalks or street in front of same.

The tenant's liability hereunder shall be reduced by the net proceeds actually collected and paid to the landlord or the landlord's mortgagee.

Damage

In the event of damage to or destruction of any portion of the leased premises by any cause insured against, the landlord shall collect the proceeds of any available insurance and shall restore the leased premises to as good condition as existed immediately prior to the casualty, to the extent the insurance proceeds are sufficient therefor. In the event that the proceeds are insufficient to restore to an extent sufficient to enable the tenant to conduct its business substantially as before, the tenant shall have the right to terminate by notice to the landlord within 30 days from notice to the tenant of the extent to which the premises can be restored from such proceeds.

Condemnation

In the event that the leased premises or any part thereof shall be condemned or taken for a public or quasi-public use any award shall be paid to the landlord. In the event of a taking of all or such a substantial part of the leased premises that the tenant is precluded from effectively utilizing the same for its purposes as before, either party shall have the right to terminate by notice within 60 days from such taking. In the event of any other taking the landlord shall promptly restore the remaining portion to substantially their former condition to the extent feasible and the rent shall be justly and equitably abated, provided, however, that if the landlord shall elect not to restore the landlord shall give the tenant prompt notice and the lease shall thereupon terminate.

Defaults and Remedies

During the term of the lease in the event that

A) The ten. nt

1) Shall default, and such default shall not be cured within 30 days after notice by the landlord,

a) in the payment of any installment of rent or other sum specified to be paid by the tenant; or

b) in the observance or performance of any other covenants, agreements or obligations;

2) Is adjudicated a bankrupt or insolvent; or

3) Shall make an assignment for the benefit of its creditors;

B) A receiver is appointed for all or substantially al. of the tenant's business or assets on grounds of the tenant's insolvency; or

C) A trustee shall be appointed for the tenant in a proceeding for the reorganization of the tenant under the Bankruptcy Act,

then in any such event the landlord shall have the right at his determination at any time thereafter while such default(s) or conditions continue to take peaceful possession of the leased premises and any and all improvements and to declare the term of the lease ended.

Sublease

The tenant shall not assign the lease, its interest thereunder or sublet all or any portion of the demised premises without first obtaining the written consent of the landlord.

ANDERSON ENGINEERING CO., INC.
Income Statement Data
(000)

Fiscal Years ending 4/30	1966	1965	1964	1963	1962	1961	Six-Year Average
Sales: Snow Plow	$ 270.0	$ 294.6	$ 303.3	$ 321.2	$ 394.3	$ 424.5	$ 334.6
Material Spreader	80.7	69.7	194.4	49.7	72.8	59.2	87.8
Catch Basin Cleaner	35.2	54.9	23.8	17.3	25.2	17.7	29.0
Other Manufactured	42.9	40.3	10.8	18.6	17.5	34.1	27.4
Balance (as distributor)	42.8	137.4	37.2	69.3	126.7	98.4	85.3
Total Sales	$ 471.6	$ 596.9	$ 569.5	$ 476.0	$ 636.5	$ 633.9	$ 564.1
Discounts allowed, etc.	3.3	6.3	4.4	8.6	7.2	5.4	5.9
Net Sales	$ 468.3	$ 590.6	$ 565.1	$ 467.4	$ 629.3	$ 628.5	$ 558.2
Cost of Goods Sold	301.9	395.6	403.1	333.6	453.2	446.9	389.1
Gross Profit	166.4	195.0	162.0	133.8	176.1	181.6	169.1
Selling, Gen'l & Admin. Expenses	111.2	113.1	116.8	108.5	112.5	116.1	113.0
Operating Income	55.2	81.9	45.2	25.3	63.6	65.5	56.1
Other Income	0.3	0.6	0.7	0.1	1.0	0.4	0.5
Extraordinary Income (Loss)	(0.2)	1.7	0.7	-	3.0	-	0.9
Total Income	$ 55.3	$ 84.2	$ 46.6	$ 25.4	$ 67.6	$ 65.9	$ 57.5
Rent	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Depreciation	3.5	3.7	1.3	2.2	3.1	4.9	3.1
Available Income	$ 36.8	$ 65.5	$ 30.3	$ 8.2	$ 49.5	$ 46.0	$ 39.4
Interest Expense	4.9	5.2	5.4	5.4	5.0	5.5	5.2
Profit Sharing Plan Contribution	2.2	6.8	4.5	-	12.0	10.5	6.0
Year-End Bonuses	17.0	27.3	5.0	-	7.3	4.4	10.2
Pre-tax Income	$ 12.7	$ 26.2	$ 15.4	$ 2.8	$ 25.2	$ 25.6	$ 18.0
Provision for Federal Income Taxes	2.7	5.6	4.2	0.8	7.6	7.8	4.8
Net Income	$ 10.0	$ 20.6	$ 11.2	$ 2.0	$ 17.6	$ 17.8	$ 13.2
Depreciation	3.5	3.7	1.3	2.2	3.1	4.9	3.1
Cash Flow	$ 13.5	$ 24.3	$ 12.5	$ 4.2	$ 20.7	$ 22.7	$ 16.3

PLAINTIFF'S EXHIBIT 8

APPENDIX F

ANDERSON ENGINEERING CO., INC.

Financial Report
Year Ended April 30, 1966

WILFRED A. WETHERBEE
Certified Public Accountant

PLAINTIFF'S EXHIBIT 8

WILFRED A. WETHERBEE
Certified Public Accountant
68 ROBBINS ROAD
WATERTOWN, MASSACHUSETTS

15 June 1966

To the Stockholders and Board of Directors of
Anderson Engineering Co., Inc.

I have examined the balance sheet of Anderson Engineering Co., Inc., as of April 30, 1966, and the related statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the accompanying balance sheet and statement of income present fairly the financial position of Anderson Engineering Co., Inc., at April 30, 1966, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wilfred A. Wetherbee

Wilfred A. Wetherbee
Certified Public Accountant

PLAINTIFF'S EXHIBIT 8

Anderson Engineering Co., Inc.

Balance Sheet April 30, 1966

Assets

Current Assets			
Cash on hand and in banks		$88,022.51	
Trade Accounts Receivable	$54,136.06		
Less: Allowance for doubtful accounts	1,353.40	52,782.66	
Loans to employees		940.00	
Accounts Receivable - Others		1,054.35	
Deposit on bids		600.00	
Notes Receivable		1,856.00	
Inventories:-Finished goods, work in process & mat'ls		122,053.69	
Prepaid Expenses		4,545.00	
Total Current Assets			$271,854.21

Plant and Equipment

	Cost	Depreciation to Date	Depreciated Cost	
Machinery and Tools	$8,037.49	$3,517.19	$4,520.30	
Furniture and Fixtures	1,889.75	912.74	977.01	
Motor Vehicles	7,886.41	2,278.50	5,607.91	
	$17,813.65	$6,708.43	$11,105.22	11,105.22

Total Assets $282,959.43

PLAINTIFF'S EXHIBIT 8

Liabilities

Current Liabilities		
Accounts Payable	$6,816.05	
Credit balances of Accounts Receivable	1,951.19	
Commissions Payable	3,907.87	
Accrued debenture interest	3,000.00	
Accrued Profit Sharing Plan Contribution	2,241.30	
Accrued Federal and Mass. taxes	4,435.23	
Accrued salaries payable	17,000.00	
Total Current Liabilities		$39,351.64
Long-Term Debt		
5% Debentures - dated September 1, 1959		
- due September 1, 1974		90,000.00
Total Liabilities		$129,351.64

Stockholders Equity

Preferred Stock, $10 par value, authorized 3000 shares, 1750 shares issued and outstanding.	17,500.00	
Amounts paid in on Preferred shares in excess of par value.	10,923.30	
	28,423.30	
Common Stock, $10 par value, authorized 9500 shares, 6600 shares issued, 884 shares in Treasury, 5716 shares outstanding	66,000.00	
Total Contributed Capital	94,423.30	
Retained Earnings - Balance May 1, 1965	$69,203.68	
Less: Mass. Excise Tax adjustment prior year	2,666.75	
	66,536.93	
Add: Net income after taxes (exhibit B)	9,973.96	
Balance April 30, 1966	76,510.89	
	170,934.19	
Deduct: Treasury stock - 884 shares Common Stock at cost	17,326.40	
Total Stockholders Equity		153,607.79
Total Liabilities and Stockholders Equity		$282,959.43

PLAINTIFF'S EXHIBIT 8

Anderson Engineering Co., Inc.

Income Statement for Year Ended April 30, 1966

Sales:				
Merchandise Sales			$24,473.52	
Snow Plow Sales			146,091.56	
Snow Plow Parts Sales			123,894.22	
Sand Spreader Sales			62,306.49	
Sand Spreader Parts Sales			18,379.62	
Manufactured Sales			42,964.36	
Heltzel Sales			18,335.17	
Cranes and Catch Basin Cleaners Sales			29,466.57	
Cranes and Catch Basin Cleaners - Parts Sales			5,740.12	
Total Sales			471,651.63	
Less: Discounts Allowed			3,345.69	
Net Sales				$468,305.94
Cost of Goods Sold:				
Inventory - May 1, 1965			139,027.77	
Add - Purchases - Merchandise		$183,999.61		
Purchases - Heltzel		16,555.02		
		200,554.63		
Freight & Express on Purchases		7,801.36		
		208,355.99		
Less: Discounts taken		1,182.26		
Net Purchases			207,173.73	
Merchandise available for production or sale			346,201.50	
Deduct - Inventory - April 30, 1966			122,053.69	
Cost of Purchases to Production or Sales			224,147.81	
Other Factory Costs				
Rent of factory and machinery		15,000.00		
Light, heat and power		3,601.32		
Taxes (other than Corp. taxes)		9,801.54		
Insurance		2,848.34		
Wages - Snow Plow		24,393.32		
Wages - Sand Spreaders		11,190.69		
Wages - Manufacturing		7,762.60		
Wages - Maintenance & Repairs		16,052.28		
Manufacturing Supplies		142.31		
Materials, Supplies, Maintenance		1,891.46		
Depreciation-Machinery & Tools		1,125.08	93,808.94	317,956.75
Gross Profit on Sales				150,349.19

PLAINTIFF'S EXHIBIT 8

Gross Profit on Sales - (Continued)		$150,349.19
Operating Expenses:		
Office Salaries	$67,942.31	
Commissions Expense	23,889.85	
Supervisory Salaries	8,084.00	
Salesmen's Salaries	1,674.25	
Contribution to Profit Sharing Plan	2,241.30	
Corporation Taxes	1,838.08	
Professional Fees	3,871.25	
Telephone and Telegraph	3,582.71	
General Office Expense	2,558.74	
Travel Expense	4,731.21	
Advertising	4,196.15	
Blue Cross-Blue Shield	3,690.49	
Stationery and Office Supplies	720.18	
Postage	745.54	
Administration of Profit Sharing Plan	256.66	
Bad Debts Expense	343.55	
Depreciation - Furniture and Fixtures	315.77	
Depreciation - Motor Vehicles	2,050.63	
Freight on Sales	97.97	
Total Operating Expense		132,830.64
		17,518.55
Other Income: Interest Received	317.49	
Forfeiture Credit balances Accounts Receivable	127.70	445.19
		17,963.74
Other Deductions: Loss on sale of Motor Vehicle	349.54	
Interest Paid on Debentures	4,875.01	5,224.55
Net Income before Federal Income Tax		12,739.19
Provision for Federal Income Tax		2,765.23
Net Income after Federal Income Tax - to Exhibit A		9,973.96

THE ANDERSON COMPANY
Income Statement Data
(000)

Fiscal Years ending 4/30	1966	1965	1964	1963	1962
Income from:					
Rent	$ 9.0	$ 9.0	$ 9.0	$ 9.0	$ 9.0
Security Trading, Net	4.0	---	---	---	---
Interest	2.5	4.6	4.7	4.1	3.5
Other	0.2	0.2	0.3	0.4	0.8
Total Income	$15.7	$13.8	$14.0	$13.5	$13.3
Interest Expense	2.2	0.1	---	---	---
General Expense	1.3	0.2	0.2	0.5	0.3
Depreciation	1.6	1.5	1.1	1.2	2.1
Total Operating Expenses	$ 5.1	$ 1.8	$ 1.3	$ 1.7	$ 2.4
Net Operating Income	$10.6	$12.0	$12.7	$11.8	$10.9
Total Long-Term Capital Gains, Net	11.1	---	---	---	---
Total Partnership Income	$21.7	$12.0	$12.7	$11.8	$10.9
Depreciation	1.6	1.5	1.1	1.2	2.1
Partnership Cash Flow	$23.3	$13.5	$13.8	$13.0	$13.0

PLAINTIFF'S EXHIBIT 8

APPENDIX H

THE ANDERSON COMPANY(a)
Statement of Financial Condition
at April 30, 1966

Current Assets				
Cash on Deposit				$ 10,984.72
Accrued Account Receivable				145.60
Accrued Interest Income				802.52
Marketable Investments (at Cost)(b)				109,104.15
Total Current Assets				$121,036.99
Current Liabilities				
Notes Payable to Banks				$ 52,000.00
Net Working Capital				$ 69,036.99
Fixed Assets	Cost	Accum. Deprec.	Net Book Value	
Office Building (#1)	$ 6,280.95	$ 3,825.22	$ 2,455.73	
Factory Building (#2)	26,629.41	12,060.91	14,568.50	
Heating Equipment	2,405.35	1,913.55	491.80	
Oil Burner	411.10	411.10	---	
Machinery and Tools	15,884.00	14,375.21	1,508.79	
Furniture and Fixtures	2,432.72	2,062.38	370.34	
	$54,043.53	$34,648.37	$19,395.16	$ 19,395.16
Non-Marketable Investments (c)				55,480.00
Net Tangible Assets				$143,912.15

Net Worth and Partnership Equities

	A.S.E. Anderson	D.S.H. Anderson	
Capital	$30,000.00	$30,000.00	$ 60,000.00
Balance-May 1, 1965	42,130.00	(4,279.41)	
Contributions	15,480.00	20,255.41	
Withdrawals	(9,380.70)	(2,044.24)	
Income April 30, 1966	12,725.55	9,025.54	
Balance-April 30, 1966	$60,954.85	$22,957.30	$ 83,912.15

(a) Formerly known as Anderson Engineering Co., the present name of this business was adopted as of August 16, 1965 by Amendment to the Partnership Agreement.

(b) Market value as of the close on Friday, April 29, 1966 was $116,692.50.

(c) Consisting of $30,000. principal amount of 5% Debentures of Anderson Engineering Co., Inc. due September 1, 1974 and 1,300 common shares of Anderson Engineering Co., Inc. with a book value basis on the date contributed of $19.60 per share for an aggregate amount of $25,480.00. As of April 30, 1966 book value had increased to $20.57 per share for an aggregate amount of $26,741.00.

PLAINTIFF'S EXHIBIT 8

Reprint from THE NATIONAL CYCLOPEDIA of AMERICAN BIOGRAPHY

ANDERSON, Lloyd Douglas Hesley, engineer, was born in Superior, Wis., Sept. 17, 1896, son of Andrew W. and Rachel (Hesley) Anderson and grandson of Anders G. and Brita (Jonsdotter) Hanson, who came to this country from Sweden in 1884 and settled in Elk Rapids, Mich. His father was a carpenter. After receiving his preliminary education at public schools in his native city, Lloyd D. H. Anderson took extension courses from the University of Wisconsin. He began working in 1914 in the stockroom of the Superior Water & Light Co., and in 1915-16 he was responsible for the physical inventory at Ross Electric Co., Superior. During 1917-20 he was a product salesman for Johns-Manville Co. of Massachusetts, and in 1921-22 he was a securities salesman for S. W. Straus & Co., Boston. In 1922 he entered the employ of Good Roads Machinery Co. as a product salesman at that enterprise's branch office in Watertown, Mass. In 1930 he founded Anderson Engineering Co., Boston, as a sales company for screens and crushing equipment for gravel and stone in addition to snow-removal and ice-control equipment for highway use. He moved his business to Cambridge, Mass., in 1936. It became a partnership under the same name in 1952 and Anderson Engineering Co., Inc., in 1959. Anderson was president of the latter from incorporation until the close of his life. With an initial investment of $5000, Anderson built his one-man sales organization into a family-held manufacturing and distributing complex, providing employment for some fifty persons and worth more than $250,000. Its annual sales totaled a number of times that amount. The concern designed, manufactured, and distributed specially engineered steel items for the construction equipment industry. Its output included snowplows for trucks, tractors, and locomotives; truck-mounted hydraulic cranes and material spreaders; conveying and storage equipment for processing plants handling sand, gravel, and stone; and special mobile arresting gear for U.S. government aircraft. A self-taught mechanical engineer, Anderson held patents on several significant construction equipment inventions, and among them were those for a tractor plow (U.S. Pat. No. 2,134,848), 1938, and for improvements in sand-spreading apparatus (Pat. Nos. 1,928,030; 2,179,483; and 2,187,448). In 1958 he was accorded grandfather rights as an engineer by the Commonwealth of Massachusetts. During the Second World War he served as a member of the snowplow manufacturers' industry advisory committee of the War Production Board, Washington, D.C., and during the period of the Korean conflict, he was a member of the tractor and allied equipment industry advisory committee of the National Production Authority. At various times he was a member of the Masonic order, The Anglers, Engineers, Interchange, and University clubs of Boston, the Corinthian Yacht Club of Marblehead, Mass., the Brae Burn Country Club of West Newton, Mass., and The Kittansett Club of Marion, Mass. His religious affiliation was with the Presbyterian church. Politically he was a Republican. His special interests and recreations included yachting and ocean racing, hunting, fishing, curling, tennis, international travel, photography, and carpentry. He was married in Springfield, Mass., June 23, 1928, to Alice Scranton, daughter of Alexander Crane Eastman of that city, a pediatrician, and had a son, Douglas Scranton Hesley. Lloyd D. H. Anderson died in West Newton, Mass., Oct. 31, 1964.

Published by

James T. White & Company

New York

PLAINTIFF'S EXHIBIT 8

Douglas Scranton Hesley Anderson

32 Gramercy Park
New York, New York 10003
(212) 425-1450

perience

Lawrence H. Douglas & Co., Inc. 70 Wall Street, New York, New York 10005

In charge of investment banking activities for this member organization of the New York Stock Exchange.

1963 to date — Processed and successfully marketed two private debt obligations in principal amounts and forms as follows: (1) $5 million, twenty-year Promissory Notes of Eversharp, Inc., which were syndicated among eight institutions, and (2) $4.5 million, eleven-year First Mortgage Debentures of L. J. Hooker Investment Corporation Limited, a diversified, Australian public company.

Negotiated and closed transactions relating to closely-held business assets formerly lodged in my father's Estate in order to develop capital for investment.

Lehman Brothers One William Street, New York, New York 10004

Entered the investment banking business in this firm's Industrial (buying or underwriting) Department to arrange new business. This involved meeting with company managements and (1) developing the terms of private sales and public offerings of debt and equity issues; (2) diversification, acquisition and merger activities; and (3) formulating venture capital proposals.

1960 to 1962 — Authored reports containing preliminary analyses of values. Completed field examinations leading to detailed studies and final documents for both direct placement and the public offering of securities. Prepared comparative and other tables to select appropriate merger bases.

Contributed to the closing of three private placements, one venture capital project, two acquisitions and four public offerings.

Anderson Engineering Co. Cambridge, Massachusetts 02141

1953 to 1959 — Began career with this small, profitable family manufacturer and distributor of fabricated steel products sold within the construction equipment industry for use in highway maintenance and in processing plants for building materials.

1953 to 1959

Invo . with legal and tax aspects; general and cost accounting; purchasing; production scheduling; industrial engineering; product research and improvement; design of new processing plants; composing sales promotion literature; sales analysis and planning. Activities in locating new business and marketing provided frequent association with the managements of dealer and consumer organizations, primarily in the Northeastern states.

naval service nd status

Served during fiscal 1952 as general line officer (reserve) with Atlantic fleet. Secured special training during the following year in Washington, D. C. for overseas assignment. Retired as Lieutenant (senior grade).

education

Northwestern University, Evanston,Illinois. Graduated in 1959 within top ten percent of class in "Fundamentals of Investment Banking", a concentrated course in corporate finance and investments sponsored by The Investment Bankers Association of America

Harvard College, Cambridge, Massachusetts. Graduated with AB degree and commission as Ensign, USNR, in 1951. Concentrated in Physical Sciences. Extra-curricular activities included three years' of varsity hockey and summer work in family business. Awarded and declined four-year Regular Navy ROTC scholarship.

Deerfield Academy, Deerfield, Massachusetts. Graduated in Class of 1947.

PLAINTIFF'S EXHIBIT 11

JOHN P. CHASE, INC.

December 1, 1966

PURCHASE RECOMMENDATIONS

We recommend the purchase of the following securities for ACCOUNT NO. A - 24 A

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	APPROX. PRICE	APPROXIMATE MARKET VALUE	INDICATED YEARLY INCOME
150 shs	Ampex Corporation	24	3600	0
75 shs	Bausch & Lomb, Inc. cv	57	4275	60
100 shs	Cenco Instruments cv	38	3800	30
150 shs	Rexall Drug & Chemical	26	3900	45
100 shs	Sherwin-Williams Co.	41	4100	200
60 shs	Trans World Airlines	74	4440	60
			24,115	395

Exh. 11DC
11/10/71 D

In order that clients may be rendered the best possible service, it is important that they notify JOHN P. CHASE, Inc., of any transactions as soon as possible.

PLAINTIFF'S EXHIBIT 11

JOHN P. CHASE, INC.

December 1, 1966

SALE RECOMMENDATIONS

We recommend the sale of the following securities for ACCOUNT NO. A - 24 A

	PAR OF BONDS OR NUMBER OF SHARES	SECURITY	Cost	Amount	APPROX. PRICE	APPROXIMATE MARKET VALUE	Gain or (Loss)	INDICATED YEARLY INCOME
X	100 shs	Atchison, Topeka & Santa Fe	38	3800	28	2800	(1000)	160
X	200 shs	Arkansas Louisiana Gas	43	8600	37	7400	(1200)	300
(a)	120 shs	Cluett-Peabody & Co.	6	720	16	1920	1200	96
X	100 shs	Interchemical Corp.	37	3700	27	2700	(1000)	120
X	200 shs	Joy Manufacturing	13	2600	24	4800	2200	375
X	31 shs	Manufacturers Hanover Bank (leaves 119 low cost shares)	50	1550	52	1612	62	62
	714 shs	Railweight, Inc.	4¼	3035	4	2856	(179)	0
				24,005		24,088	83	1,113
	18,000	Federal Home Loan Bank 5.40s 3/27/67 (leaves $7,000)			99	17,820		
						41,908		
		Less Bank Loans				17,500		
						24,408		
(a)	take in '67							

Sell D14-D21

11/26(13)D

In order that clients may be rendered the best possible service, it is important that they notify JOHN P. CHASE, Inc., of any transactions as soon as possible.

PLAINTIFF'S EXHIBIT 11

JOHN P. CHASE, INC.

December 1, 1966

PURCHASE RECOMMENDATIONS

We recommend the purchase of the following securities for ACCOUNT NO. A - 24 C

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	APPROX. PRICE	APPROXIMATE MARKET VALUE	INDICATED YEARLY INCOME
150 shs	Berkey Photo, Inc.	26	3900	0
150 shs	Hilton International	28	4200	0
300 shs	Jim Walter Corporation	16	4800	300
50 shs	KLM Royal Dutch Airlines	101	5050	0
150 shs	Rexall Drug & Chemical	26	3900	45
			21,850	345

Ex. D 14 E ml

11/20/13

In order that clients may be rendered the best possible service, it is important that they notify JOHN P. CHASE, Inc., of any transactions as soon as possible.

PLAINTIFF'S EXHIBIT 11

JOHN P. CHASE, INC.

December 1, 19 66

SALE RECOMMENDATIONS

We recommend the sale of the following securities for ACCOUNT NO. A - 24 C

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	Cost	Amount	APPROX. PRICE	APPROXIMATE MARKET VALUE	Gain or (Loss)	INDICATED YEARLY INCOME
$4,000	Air Reduction Co. cv 3 3/8s 8/15/87	130½	5220	94	3760	(1460)	135
100 shs	Baltimore & Ohio RR	40	4000	30	3000	(1000)	0
1800 shs	Canadian Export Gas & Oil	4½	8100	4½	8100	0	0
300 shs	New Mexico and Arizona Land	28	8400	16	4800	(3600)	0
800 shs	Railweight, Inc.	14	11,200	4¼	3400	(7800)	0
			36,920		23,060	(13,860)	135
$5,000	Federal Home Loan 5.40s 2/15/67			99	4950		
	Cash from maturity of $10,000 Federal Home Loan 4.25s on 11/15/66				10,000		
					38,010		
	Reduce bank loan by amount of				15,000		
	Available for investment				23,010		

Exh. D 14-F
11/20/73, HT

In order that clients may be rendered the best possible service, it is important that they notify JOHN P. CHASE, Inc., of any transactions as soon as possible.

PLAINTIFF'S EXHIBIT 12

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

December 1, 1966

Mr. D. S. H. Anderson
Lawrence H. Douglas & Company, Inc.
70 Wall Street
New York, New York 10005

Dear Mr. Anderson:

This will confirm our telephone conversation this morning. As I mentioned, Mr. Chase is out of town today and wanted me to get the program to you without delay. I am sending this letter and the recommendations to your New York address and copies to West Newton, as you requested.

In your mother's account (A-24A), I think all of the recommendations are clear. The program calls for the use of $18,000 out of the $25,000 of Federal Home Loan Banks 5.40s 3/27/67. This will leave the remaining $7,000 of these bonds and $5,000 U. S. Treasury Notes 5% 11/15/70 as the equivalent of cash, a total of $12,000.

On the basis of the tax costs in this account, the sales program will result in a net realized capital gain of around $83, so that the losses practically offset the gains. The Manufacturers Hanover Bank loan of $10,000 will be eliminated. Thus, there will be no indebtedness in this account.

LLOYD D. H. ANDERSON TRUST

In the Trust (A-24B), the recommendations call for the use of the cash of $11,200, and also the $10,000 U. S. Treasury Bills which mature December 8, 1966. On this basis, about $21,000 out of the total cash and equivalent in the Trust will be used for investment, and $15,000 will remain in the Trust as a reserve for contingencies, as indicated in your data sheet covering the details of the Trust. After provision for the $15,000 contingency reserve, and after the use of $21,000 for investment, around $15,000 will remain as a reserve in short term Governments.

The sales program in the account will result in a realized net capital loss of about $6,600 which will be available for the balance of this year, or for later use to offset any realized capital gains.

PLAINTIFF'S EXHIBIT 12

THE ANDERSON COMPANY

In this account (A-24C), in addition to the cash resulting from the sales recommendation, we are suggesting the sale of $5,000 Federal Home Loan 5.40s 2/15/67 and the use of the $10,000 cash from the maturity of the $10,000 Federal Home Loan 4.25s 11/15/66. With the total cash resulting from this program, Mr. Chase is recommending that you reduce your bank loans by the amount of $15,000, which will give a net amount of about $23,000 available for investment at this time. This is made clear in the enclosed sales recommendation memo.

It is recommended that this cash be used in the purchase of the five stocks as indicated in the enclosed purchase recommendation memorandum in connection with this account. The above program will result in a realized capital loss of $13,800, which will be available as an offset to any capital gains this year or later on.

We believe that the Bank of New York loan of $7,000 should be eliminated, and that the State Street Bank loan should be reduced to $12,000. This will mean a reduction of indebtedness in the amount of $15,000 and will leave the State Street Bank loan as the only loan outstanding. The Railweight could be taken out as collateral and $15,000 Chicago Northwestern convertible 4 1/2s could be substituted.

Mr. Chase feels that these purchase and sales programs and debt readjustments will make a good beginning in getting the accounts into line with the investment policy that was decided on at the time of your recent visit with him.

If there is anything in the foregoing that is not clear, please be sure to get in touch with us.

Sincerely yours,

JOHN P. CHASE, INC.

H. E. Bancroft

Herbert Bancroft

HB:ni
Enclosures

cc: 32 Pickwick Road
West Newton, Massachusetts 02165

PLAINTIFF'S EXHIBIT 14

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

TELEPHONE 262-3600

June 16, 1967

Mr. D. S. H. Anderson
Legg & Company
70 Wall Street
New York, New York 10005

Dear Doug:

Enclosed you will find the June 6 appraisals of your family's accounts. As usual, we have also indicated the distribution between bonds and stocks for each portfolio and the diversification of the industrial common stocks. Taking them in order, we are listing below the comparisons of how each portfolio has performed with the Dow-Jones Averages.

	A - 24A	A - 24B	A - 24C
Bond Account	+ 15.54%	- 5.65%	- 10.16%
Dow-Jones Bond Average	- 3.04	- 3.04	- 3.04
Common Stock Account	+ 5.97	+ 15.83	+ 2.85
Dow-Jones Composite Average	+ 2.50	+ 2.50	+ 2.50
Industrial Common Stock Account	+ 5.73	+ 17.53	+ 2.32
Dow-Jones Industrial Stock Average	+ .89	+ .89	+ .89
Total Account 2/6 102.6 6/6 108.65	+ 7.60%	+ 6.56%	- 2.41%

Looking at your mother's portfolio, our records indicate gains for the year of $6,577. The one questionable holding is Cluett, Peabody & Company, which has a very low tax cost and, in addition, is selling at a fairly reasonable multiple. Estimated earnings for 1967 should show an increase of 15 to 20¢ over 1966, so I figure this is a stock to watch but worth riding with for the time being.

Trans World Airlines now shows a loss, as airline stocks in general continue to act relatively poorly in the market. As I told you over the telephone, we have reduced our estimates for almost all airlines we follow, and this seems to be the major reason for the drop in market price. However, we recommend that they be held since we still consider the airlines a growth industry. Other than this, the account has performed reasonably well and I do not recommend any changes.

PLAINTIFF'S EXHIBIT 14

In the trust we again show a zero cash balance for appraisal purposes, but our records indicate that we have $9,492 available for investment. We also show a net gain of $3,100 for the year to date.

As you noted earlier in this letter, this trust has performed reasonably well for an account that is conservatively invested in common stocks. While we do not recommend any change, I would like to suggest the purchase of 100 shares Kennecott Copper, as shown on the attached recommendation sheet. This is not the type of stock that we would use in the company account, but it is certainly of good enough quality to include in the trust portfolio. We feel that Kennecott is selling at a good multiple and provides an adequate yield.

Moving to the company account and one that seems to occupy most of our time, I do not think the comparative statistics prove very much at all since almost all of the holdings are new. Our performance from here on in, however, will be interesting to watch, and I think it might be fun to compare our results in the company account with those of the Chase Fund. As I mentioned to you just the other day, I do not have any further suggestions for the moment but I do hope that we will be able to pick up our Parker-Hannifin in the relatively near future. Incidentally, the appraisal does not show the purchase of an additional 100 shares Amerada.

I am terribly sorry to have to miss your mother's party and I do hope you will explain to her that I appreciate her invitation, but I will be on my way North too soon to stop by. Best regards.

Sincerely yours,

Dick

Richard A. Spindler
Vice President

RAS:ni
Enclosures

cc: 32 Pickwick Road
West Newton, Mass.

PLAINTIFF'S EXHIBIT 15 (

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

October 25, 1967

Mr. Douglas S. H. Anderson
Corporate Finance Department
Salomon Brothers & Hutzler
60 Wall Street
New York, New York 10005

Dear Doug:

Enclosed you will find the three appraisals in duplicate with market values as of October 6. As usual we are also enclosing the diversification of the assets for each portfolio as to the amount invested in bonds and stocks, and the standard breakdown of industrial common stocks.

In general, I think you will agree that the accounts performed quite well in the period from June 6 to October 6, as shown in greater detail on the attached pages.

Sincerely yours,

Richard A. Spindler
Senior Vice President

RAS:ni
Enclosures

check figures vs 6/6

PLAINTIFF'S EXHIBIT 15
A - 24C

The Anderson Company

Bonds	- 3.19%
Dow-Jones Bond Average	- 3.26
Industrial Common Stocks	+ 13.00
Dow-Jones Industrial Stock Average	+ 7.65
All Common Stocks	+ 11.59
Dow-Jones Composite Average	+ 4.82
Total Account	+ 9.85%

The following changes were completed in the common stocks during the past four months:

Sold

100 shs	Amerada Petroleum Corporation
150 shs	Rexall Drug & Chemical
0.58 sh	Twentieth Century Fox Films

Purchased

200 shs	Allis-Chalmers Manufacturing Company
100 shs	Amerada Petroleum Corporation
300 shs	Braniff Airways
1000 shs	First Mortgage Investors
300 shs	Milton Bradley Company
400 shs	North American Aviation
400 shs	Pinkerton's, Inc.
300 shs	Waukesha Motor Company

Received

160 shs	North American Aviation (7 x 5 split)

The company account seems to be earning its keep and the total market value was up better than $29,000. I thought you might be interested in knowing that for the same appraisal period, the Chase Fund was up 22.72% indicating that we have some catching up to do.

Of the new purchases Allis-Chalmers is about a standoff, Braniff up 5%, Milton Bradley 16%, North American-Rockwell 11%, Pinkerton's 31%, and Waukesha Motors 11%. First Mortgage Investors was unchanged from purchase price. Amerada and Anheuser-Busch registered a mild decline, and we were hurt from a percentage point of view by the deterioration in the market price of KLM Royal Dutch Airlines. This represents such a small commitment that we are suggesting sale, as shown on the enclosed recommendation sheet.

PLAINTIFF'S EXHIBIT 15

A - 24C
The Anderson Company

We have also indicated the confirmation of the sale of 200 shares of Giddings & Lewis following our discussion of yesterday. As a reinvestment we are suggesting a commitment in Medtronic, Inc. and we are enclosing a summary of the company's operations. The price for Medtronic is high in relation to its relatively low earnings. However, the company operates in an exciting area and we believe that earnings can increase at a rate of approximately 50% per year for the next several years. Extending this you can see that we are expecting the company to report about 60¢ per share for the fiscal year ending April 30, 1968. The company has developed a number of exciting new products all in the general electronics medical field, and I would expect that we should be in a position to increase our original commitment should we see any softness in the market price of the shares.

PLAINTIFF'S EXHIBIT 15

A - 24A

A. S. E. Anderson

Bonds	- 4.51%
Dow-Jones Bond Average	- 3.26
Industrial Common Stocks	+ 13.36
Dow-Jones Industrial Stock Average	+ 7.65
All Common Stocks	+ 14.08
Dow-Jones Composite Average	+ 4.82
Total Account	+ 11.28%

The following changes were completed in the common stocks during the past four months:

Sold

138 shs	Baltimore Gas & Electric
119 shs	Manufacturers Hanover Trust Company
714 shs	Railweight, Inc.
4 shs	Rexall Drug & Chemical
100 shs	Trans World Airlines
0.03 sh	Twentieth Century Fox Films

Purchased

100 shs	Milton Bradley Company
100 shs	North American Aviation
40 shs	Trans World Airlines

Securities Withdrawn

0.28 sh	Manufacturers Hanover Trust Company
100 shs	Meredith Publishing Company
400 shs	Sperry Rand Corporation

Received

40 shs	North American Aviation (7 x 5 split)
37 shs	Warner & Swasey Company (25% stock dividend)

This account outperformed the Dow-Jones Averages by quite a margin, registering an overall increase in total market value of $11,128 in the past four months.

Aided by a 37% increase in the price of Illinois Central Industries, the railroads showed a satisfactory gain. In the industrial group Warner & Swasey was up 28%, followed by Cluett, Peabody up 21%, and Rexall up 15%. We have indicated the conversion of Twentieth Century Fox debentures into 130 shares of common stock.

As shown on the attached recommendation sheets, we wish to sell the Bausch & Lomb convertibles in favor of the Seaboard World Airlines convertibles.

PLAINTIFF'S EXHIBIT 5

JOHN P. CHASE, INC.

October 25, 19 67

SALE RECOMMENDATIONS

We recommend the sale of the following securities for ACCOUNT NO. A - 24A

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	APPROX. PRICE	APPROXIMATE MARKET VALUE	INDICATED YEARLY INCOME
$ 3,000	Bausch & Lomb, Inc., Conv. 4 3/4s, 7/1/80	228	$ 6,840	$ 142.50

In order that clients may be rendered the best possible service, it is important that they notify JOHN P. CHASE, Inc., of any transactions as soon as possible.

JOHN P. CHASE, INC.

PLAINTIFF'S EXHIBIT 1

October 25, 19 67

PURCHASE RECOMMENDATIONS

We recommend the purchase of the following securities for ACCOUNT NO. A - 24A

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	APPROX PRICE	APPROXIMATE MARKET VALUE	INDICATED YEARLY INCOME
$ 5,000	Seaboard World Airlines Conv. 5s, 4/1/86	120	$ 6,000	$ 250

In order that clients may be rendered the best possible service, it is important that they notify JOHN P. CHASE, Inc., of any transactions as soon as possible.

PLAINTIFF'S EXHIBIT 16

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

January 19, 1968

Mr. D. S. H. Anderson
Salomon Bros. & Hutzler
Corporate Finance Department
60 Wall Street
New York, New York 10005

Dear Doug:

Here is the December 29, 1967 appraisal of the Company, together with our bill which was based on 70% of the normal appraisal period.

I will contact you next week with suggestions for the other accounts.

I am sorry we could not work out this account to your satisfaction

Best wishes

Dick

Sincerely yours,

Dick

Richard A. Spindler
Senior Vice President

RAS:ni
Enclosures

PLAINTIFF'S EXHIBIT 16

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A-240 as of December 29, 19 67

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 9,000	American Airlines, Inc., Conv. Sub. Deb. 5 1/2s, 10/1/91	119	$ 10,710.00	$ 495.00
15,000	Berkey Photo, Inc., Conv. Sub. Deb. 5 3/4s, 9/1/86	169	25,350.00	862.50
15,000	Copperweld Steel Co., Conv. Sub. Deb. 5s, 12/1/79	94	14,100.00	750.00
10,000	Fruehauf Corp., Conv. Sub. Deb. 4s, 3/1/76	148	14,800.00	400.00
	TOTAL BOND ACCOUNT		$ 64,960.00	$ 2,507.50
	COMMON STOCK ACCOUNT			
	Industrials			
200 shs	Allis-Chalmers Mfg. Co.	36	$ 7,200.00	$ 200.00
200 shs	Anheuser-Busch, Inc.	83	16,600.00	240.00
300 shs	Milton Bradley Co.	59	17,700.00	300.00
560 shs	North American Rockwell Corp.	40	22,400.00	1,120.00
400 shs	Pinkerton's, Inc. "B" Non-Voting	58	23,200.00	160.00
800 shs	Railweight, Inc.	9	7,200.00	-
200 shs	Sperry Rand Corp.	64	12,800.00	80.00
584 shs	Twentieth Century-Fox Films	31	18,104.00	467.20
200 shs	Waukesha Motor Co.	56	11,200.00	400.00
	TOTAL INDUSTRIALS		$ 136,404.00	$ 2,967.20
	Finance			
1,000 shs	First Mortgage Investors	15	$ 15,000.00	$ 1,230.00
	TOTAL FINANCE		$ 15,000.00	$ 1,230.00
	TOTAL COMMON STOCK ACCOUNT		$ 151,404.00	$ 4,197.20
	GRAND TOTAL		$ 216,364.00	$ 6,704.70

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 17

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

June 26, 1968

Mr. Douglas S. H. Anderson
Salomon Bros. & Hutzler
Corporation Finance Dept.
60 Wall Street
New York, New York 10005

Dear Doug:

I am sorry these appraisals were held up so long, since I fully expected that they would be in your hands by last week at the latest. In addition to the appraisals, we are enclosing the normal diversification of the stocks held, as well as the distribution of the assets at market value. It is quite apparent that these accounts are in a much more conservative position than they were previously, which is pretty much in keeping with our discussions and our current investment posture.

In your mother's account, the comparisons with the Dow-Jones Averages were good, as shown below:

Bonds	+ 18.73%
Dow-Jones Bond Average	- 1.74
Industrial Common Stocks	+ 11.79
Dow-Jones Industrial Stock Average	+ 5.68
All Common Stocks	+ 15.50
Dow-Jones Composite Average	+ 7.11
Total Account	+ 13.56

It is good to see an increase in a bond holding similar to the 18% advance shown by the Twentieth Century Fox converts. This added roughly $1,340 to the overall value of the account.

PLAINTIFF'S EXHIBIT 17

Some of the performance was attributable solely to securities you added to the account, primarily Berman Leasing Company. Hooker has also performed quite well. I am not sure that we still have 100 shares Sherwin-Williams, but we are unable to find any records that you closed the sale you made against the box in this stock in December 1967, so I guess it is still long.

John is in Europe, so I did not have an opportunity to speak to him, but as you can see, our bill is based on our new charge schedule which was instituted on the 1st of February this year, which calls for a minimum fee of $2,500. The enclosed bill is for one-third of this amount. I think the next step is up to you, Doug. If you want to continue to use the services of this office at our new rate, I will try to keep the accounts in current shape as our interest in industries and stocks change.

Best regards.

Sincerely yours,

Jack

Richard A. Spindler
Senior Vice President

RAS:ni
Enclosures

Def. Exh. 38 in
12/4/73 HD

PLAINTIFF'S EXHIBIT 17

JOHN P. CHASE, Inc.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of June 6, 1968

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 6,000	Twentieth Century-Fox Films Corp., Conv. Reg. 5 3/4s, 12/1/92	141	$ 8,460.00	$ 345.00
	TOTAL BOND ACCOUNT		$ 8,460.00	$ 345.00
	COMMON STOCK ACCOUNT			
	Railroads			
200 shs	Illinois Central Industries	66	$ 13,200.00	$ 300.00
	TOTAL RAILROADS		$ 13,200.00	$ 300.00
	Industrials			
200 shs	Allis-Chalmers Mfg. Co.	31	$ 6,200.00	$ 200.00
100 shs	Ducommun, Inc.	28	2,800.00	100.00
150 shs	General Motors Corp.	82	12,300.00	570.00
200 shs	Hooker Chemical Corp.	59	11,800.00	280.00
100 shs	New Britain Machine Co.	45	4,500.00	160.00
100 shs	Parke, Davis &Co.	33	3,300.00	140.00
200 shs	Servomation Corp.	58	11,600.00	80.00
100 shs	Sherwin-Williams Co.	56	5,600.00	200.00
100 shs	Swift & Co.	25	2,500.00	60.00
100 shs	Youngstown Sheet & Tube Co.	43	4,300.00	180.00
	TOTAL INDUSTRIALS		$ 64,900.00	$ 1,970.00
	Finance			
100 shs	Berman Leasing Co.	55	$ 5,500.00	$ -
300 shs	First Mortgage Investors	21	6,300.00	369.00
	TOTAL FINANCE		$ 11,800.00	$ 369.00
	TOTAL COMMON STOCK ACCOUNT		$ 89,900.00	$ 2,639.00
	TOTAL CASH ACCOUNT		$ 13,870.36	$ -
	GRAND TOTAL		$ 112,230.36	$ 2,984.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 19

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

October 23, 1968

Mr. Douglas S. H. Anderson
32 Gramercy Park 14D
New York, New York 10003

Dear Doug:

I am enclosing the October 4, 1968 appraisals of the three family accounts, and as in the past we will make our comments on them on separate pages.

You, of course, have received, I hope, the latest copy of "Trade Winds" which very clearly outlines our posture at the present time. As we discussed, we consider a 20% cash or equivalent reserve just about right under today's conditions. We are still of the opinion that we will see better stock prices, and as a guess, the high multiple issues will continue to lead the way down until they reach a point where the rate of earnings gain can be supported by a more reasonable price/earnings ratio. It is quite obvious, therefore, that we tread lightly in the direction of buying any additional common stocks on margin.

Best regards.

Sincerely yours,

Dick

Richard A. Spindler
Senior Vice President

RAS:ni
Enclosures

PLAINTIFF'S EXHIBIT 19
A - 24C

THE ANDERSON COMPANY

In The Anderson Company we do not have any comparative statistics, although the account has been on our books for the last four months. We will use this appraisal for comparative purposes in the future. It is, however, quite apparent that the recent purchases of Foxboro, Phelps Dodge, and American Smelting were timed reasonably well, in that they all registered a good increase, according to this appraisal.

I have not heard anything new on the holding of Cornelius Company. Ducommun continues to act poorly, and we believe there is stock hanging over the market. As you are aware, it is a thin issue and unless there is a dramatic change in earnings it is hard to see how this stock will be able to go back to its former level.

Our commitment in First Mortgage Investors now represents a commitment of better than 15% of the total, and with the investment in other family accounts is a potential stock for reduction.

PLAINTIFF'S EXHIBIT 19

THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of October 4, 1968

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 3,000	Hunt Foods & Industries, Conv. 4 3/8s 7/1/86	154	$ 4,620.00	$ 131.25
6,000	Twentieth Century-Fox Films, Conv. Reg. 5 3/4s, 12/1/92	147	8,820.00	345.00
	TOTAL BOND ACCOUNT		$ 13,440.00	$ 476.25
	PREFERRED STOCK ACCOUNT			
	Convertibles			
150 shs	Occidental Petroleum Corp. $3.60 Conv.	132	$ 19,800.00	$ 540.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 19,800.00	$ 540.00
	COMMON STOCK ACCOUNT			
	Railroads			
200 shs	Illinois Central Industries	70	$ 14,000.00	$ 300.00
	TOTAL RAILROADS		$ 14,000.00	$ 300.00
	Industrials			
200 shs	Allis-Chalmers Mfg. Co.	28	$ 5,600.00	$ 100.00
100 shs	American Machine & Foundry Co.	25	2,500.00	90.00
100 shs	American Smelting & Refining Co.	68	6,800.00	300.00
100 shs	Foxboro Company	50	5,000.00	60.00
150 shs	General Motors Corp.	85	12,750.00	570.00
100 shs	New Britain Machine Co.	57	5,700.00	160.00
200 shs	Parke-Davis & Co.	28	5,600.00	280.00
100 shs	Phelps Dodge Corp.	80	8,000.00	340.00
200 shs	Servomation Corp.	52	10,400.00	80.00
100 shs	Swift & Co.	28	2,800.00	60.00
100 shs	Youngstown Sheet & Tube Co.	39	3,900.00	180.00
	TOTAL INDUSTRIALS		$ 69,050.00	$ 2,220.00
	Finance			
480 shs	First Mortgage Investors	24	$ 11,520.00	$ 398.40
	TOTAL FINANCE		$ 11,520.00	$ 398.40
	TOTAL COMMON STOCK ACCOUNT		$ 94,570.00	$ 2,918.40
	GRAND TOTAL		$ 127,810.00	$ 3,934.65

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 19

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 240 as of October 4, 1968

Par of Bonds or Number of Shares	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 15,000	Copperweld Steel Co., Conv. 5s, 1979	105	$ 15,750.00 ✓	$ 750.00
	TOTAL BOND ACCOUNT		$ 15,750.00	$ 750.00
	PREFERRED STOCK ACCOUNT			
	Convertibles			
200 shs	Occidental Petroleum Corp. $3.60 Conv.	132	$ 26,400.00 ✓	720.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 26,400.00	$ 720.00
	COMMON STOCK ACCOUNT			
	Industrials			
300 shs	Allis-Chalmers Mfg. Co.	28	$ 8,400.00 ✓	$ 150.00
200 shs	American Machine & Foundry Co.	25	5,000.00 ✓	180.00
300 shs	American Smelting & Refining Co.	68	20,400.00 ✓	900.00
400 shs	Cornelius Co.	22	8,800.00	48.00
200 shs	Ducommun, Inc.	23	4,600.00 ✓	200.00
300 shs	Ebasco Industries	59	17,700.00 ✓	600.00
200 shs	Foxboro Company	50	10,000.00 ✓	120.00
100 shs	Montgomery Ward & Co.	39	3,900.00 ✓	100.00
100 shs	National Casket Co.	44	4,400.00	10.00
200 shs	New Britain Machine Co.	57	11,400.00	320.00
400 shs	Parke, Davis & Co.	28	11,200.00 ✓	560.00
300 shs	Phelps Dodge Corp.	80	24,000.00 ✓	1,020.00
50 shs	Planet Oil	88	4,400.00 ✓	-
1,000 shs	Railweight, Inc.	8	8,000.00 ✓	-
200 shs	Swift & Co.	28	5,600.00 ✓	120.00
50 shs	Tampax, Inc.	182	9,100.00 ✓	130.00
200 shs	Westates Petroleum Co.	9	1,800.00 ✓	-
200 shs	Youngstown Sheet & Tube Co.	39	7,800.00 ✓	360.00
	TOTAL INDUSTRIALS		$ 166,500.00	$ 4,818.00
	Finance			
1,600 shs	First Mortgage Investors	24	$ 38,400.00 ✓	$ 1,328.00
	TOTAL FINANCE		$ 38,400.00	$ 1,328.00
	TOTAL COMMON STOCK ACCOUNT		$ 204,900.00	$ 6,146.00
	GRAND TOTAL		$ 247,050.00	$ 7,616.00
	Estimate		11,000	

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 20

JOHN P. CHASE, INC.

THE CHASE BUILDING

535 BOYLSTON STREET

BOSTON, MASSACHUSETTS 02116

TELEPHONE 262-3600

February 27, 1969

Mr. Douglas S. [illegible] Anderson
32 Gramercy Pa[illegible] 14D
New York, New York 10003

Dear Doug:

Enclosed are our regular four month appraisals of The Anderson Company, the Alice S. E. Anderson Account, and the Trust Account with values taken as of February 6, 1969, together with our usual tables of distribution and diversification.

The following is a table comparing The Anderson Company account to the corresponding Dow-Jones Averages:

Bond Account	- 7.76
Dow-Jones Bond Average	- 2.37
Industrial Common Stocks	+ 1.47
Dow-Jones Industrial Stock Average	- .66
All Common Stocks	+ 4.12
Dow-Jones Composite Average	+ 1.51
Total Account	+ 4.49

The Anderson Company account had an appraised value of $240,410 on February 6, 1969 which represented an increase of $10,335.65 or 4.49% over the previous appraisal. The gains can be attributed primarily to the above average performance of your American Smelting, Ebasco Industries, and your Phelps Dodge Corporation.

In the company's bond account, bonds, reflecting the sale of Copperweld Steel and the addition of Reading and Bates convertible 5 1/2s, were off 7.76% as against a decline of 2.37% on the Bond Average. We would recommend adding $1,000 Seaboard World Airlines convertible 5s at current price levels below 120 which would bring the commitment to five bonds. The intermediate to long term outlook for Seaboard World Airlines is considered unusually

Def. Exh. 53 A.D.
4/2/71 W

attractive with the highly efficient stretched DC-8's coming on stream followed by freight versions of the Boeing 747 in the early 1970's. As cash becomes available, we would be willing to add another five Seaboard World bonds to the portfolio.

The Anderson Company's Occidental Petroleum $3.60 convertible preferred performed nicely during the period with an advance of almost 16%, which reflects the company's aggressive acquisition program and its particularly steadily improving crude position in Libya.

Common stocks advanced 4.12% which is a gain of 1.51% on the Composite Average. Industrial common stocks advanced 1.47% as against a decline of .66% on the Dow. Industrial common stocks would have fared even better had it not been for the disappointing performance of Foxboro, Planet Oil, National Casket, and Scope Industries.

Most recent additions were virtually unchanged on the appraisal date, although, in several instances have declined moderately in the recent five day market break. Again, we see no strong reason to hold Parke Davis, Phelps Dodge, and possibly Foxboro could be sold at a later date. While National Casket has been making acquisitions both in and outside of its basic field, our research department does not see any basic investment attraction.

Equities added during the period have helped diversify the portfolio as well as added several dynamic petroleum companies. Pargas does not fall into the latter category, but is a well managed liquified petroleum gas company which is expected to show another sharp advance in earnings in 1969 based largely on the continued low price of LPG at the refinery. We believe there are a number of attractive stocks coming into the buying range such as IBM, Atlantic Richfield, and Coastal States, but do not believe there is any hurry in making new commitments.

Since the end of the formal appraisal period you have added to your commitment of Scope Industries which is expected to show earnings of 95 cents a share in fiscal 1968 on sales of $16,000,000 versus 56 cents on sales of $10,000,000 in 1967. We project continued growth in 1969 and note that several large Navy awards, including Scope navigational systems, should have a significant effect on the magnitude of the company's growth. Approximately 20% of 1968's sales were of a commercial nature and can be attributed to the commercial equipment line of recently acquired Repco. On balance, we believe this account is being brought into better balance through the purchase of quality stocks which could show excellent performance following the current market adjustment.

Current income of $6,839 was moderately ahead of the previously indicated figure after adjustments and afforded a current yield of 2.84%. The account was invested approximately 86% in common stocks, of which 73% were industrial common stocks, and almost 5% in bonds with the remainder in preferred stock.

Def. Exh. 53 (P)
12/4/73

The following changes were made in the portfolio during the period:

Sold

$ 15,000	Copperweld Steel 5s, 1979
50 shares	Occidental Petroleum $3.60 convertible preferred
50 shares	Honeywell
200 shares	Swift & Co.
200 shares	Ducommun
100 shares	Montgomery Ward
300 shares	McCulloch Oil
300 shares	Allis Chalmers
1,000 shares	Railweight
400 shares	Westates Petroleum
200 shares	Airwest
200 shares	Youngstown Sheet & Tube
300 shares	Asmera Oil
200 shares	New Britain Machines
100 shares	Anaconda
100 shares	Ebasco
100 shares	Parke Davis
200 shares	American Machine & Foundry
200 shares	Reading & Bates
600 shares	First Mortgage Investors
1,000 shares	Enterprise Fund
200 shares	SMC Investment Corp.

Purchased

$ 6,000	Reading & Bates 5 1/2s, 12/1/88
4,000	Seaboard World Airlines 5s, 4/1/86
100 shares	Seaboard Coast Line Railroad
100 shares	Foxboro
50 shares	Honeywell
500 shares	McCulloch Oil
100 shares	Scope Industries
200 shares	Reading & Bates
100 shares	Planet Oil
300 shares	Anaconda
200 shares	Airwest
300 shares	Asmera Oil
200 shares	Cities Service
200 shares	Avnet
200 shares	British Petroleum
100 shares	Pargas
200 shares	Canadian Superior Oil
200 shares	SMC Investment Corp.

Received

300 shares	Phelps Dodge 2 x 1 split

Def. Exh. 52 Cert. 12/4/71

The following table compares the Alice S. E. Anderson account to the corresponding Dow-Jones Averages:

Bond Account	+ 8.68
Dow-Jones Bond Average	- 2.37
Industrial Common Stocks	+ 2.54
Dow-Jones Industrial Stock Average	- .66
All Common Stocks	+ 2.77
Dow-Jones Composite Average	+ 1.51
Total Account	+ 4.47

The Alice S. E. Anderson account had an appraised value of $133,525.11 on February 6, 1969 which represented a gain of $5,715.11 or 4.47% over the previous appraisal. The appreciation came from every segment of the portfolio, with the greatest gains coming from American Smelting, Phelps Dodge, and First Mortgage Investors.

In the bond account, bonds advanced 8.68% as compared to a decline of 2.37% on the Dow Bond Average. As you know, the comparison with the Bond Average provides a measure of performance in the bond portfolio over a period of time, although you should recognize that your three convertible debentures are not really comparable to the Dow.

Your Hunts Food convertible 4 3/8s was the outstanding performer with a gain of 11% during the period. The Reading and Batess Offshore Drilling Company convertible 5.5's were off moderately, reflecting the additional cost of transferring several of their offshore drilling rigs to oversea points. The company has just reported that it will take additional write-offs over the next three fiscal quarters which will result in relatively flat earnings for fiscal 1969. The normal earning power of the company is estimated at $1.65 a share and of course, will increase significantly with the addition of two new drilling rigs currently under construction. Furthermore, the offshore drilling industry is under some pressure from the misfortune connected with offshore Santa Barbara, California well of Union Oil. We would strongly recommend holding Reading and Bates which provides an above average yield on its 5.5% coupon and should enjoy moderate growth following the present uncertainties.

Your Seaboard World Airlines 5's should be built to a five bond holding. The company has recently improved its position as the dominant freight carrier on the Atlantic run. Your Occidental Petroleum $3.60 convertible preferred advanced about 20% and continues attractive, although there may be some price fluctuation with the periodic and usually sensational announcements of President Dr. Hammer.

All common stocks advanced 2.77% as against a gain of 1.51% on the Composite Average. Industrial common stocks gained 2.54% versus a slight decline of .66% on the Dow. While the attractive performers were mentioned earlier, there were several disappointments including Foxboro down almost 20% and

Def. Exh. 5 J. M/
12/4/73 H

PLAINTIFF'S EXHIBIT 20

General Motors down 5%. From our previous discussions, we see no reason to hold the Parke Davis or Phelps Dodge barring possible take overs which are not believed to be in the picture at the moment.

The recent addition of Canadian Superior Oil, British Petroleum Oil, and Cities Service are sound additions, although Cities Service might take a little longer to reach our original price objective. However, we believe the company is a take over candidate and further believe that an overture could be forthcoming in 1969.

Recent reports on Canadian Superior Oil's gulf of Papua in Indonesia seems disappointing, but there are strong possibilities that the company will find oil and/or gas in Indonesia. Its production in Alberta, Canada is rising steadily which along with sulphur production provides most of its current income.

First Mortgage Investors, originally purchased as an income producer, is performering like a real growth stock and still appears reasonably attractive. at current levels around 27. Overall, we believe your account is soundly invested in quality investments having attractive long term growth prospects.

Current income of $3,683.05 is modestly ahead of the previously indicated figure after adjustments and afforded a current yield of 2.76%. Your account was invested approximately 60% in common stocks, of which about 46% were industrial common stocks, 11% in convertible preferred stock, 1.5% in bonds, with the remainder of 20% in cash.

The following is a list of changes in the portfolio that took place during the period:

Sold

$ 6,000	Twentieth Century Fox 5 3/4s, 1992
50 shares	Occidental Petroleum $3.60 convertible preferred
108 shares	Litton Industries $2.00 convertible preferred
200 shares	Illinois Central Industries
100 shares	Swift & Co.
200 shares	Servomation
200 shares	Allis Chalmers
100 shares	McCulloch Oil
100 shares	Youngstown Sheet & Tube
100 shares	Asmera Oil
100 shares	Parke Davis
100 shares	American Machine and Foundry
100 shares	Reading & Bates

Purchased

$ 4,000	Reading & Bates 5 1/2s, 1988
3,000	Seaboard World Airlines 5s, 1986
100 shares	Seaboard Coast Line Railroad
100 shares	Canadian Superior Oil

Purchased (continued)

100 shares	McCulloch Oil
100 shares	Reading & Bates
100 shares	Anaconda
100 shares	Asmera Oil
100 shares	Cities Service
100 shares	Avnet
100 shares	British Petroleum

Exchanged

100 shares	New Britain Machines
	for
108 shares	Litton Industries $2.00 convertible preferred

Received

100 shares	Phelps Dodge 2 x 1 split

The following table compares the Trust account to the corresponding Dow-Jones Averages:

Bond Account	- .60
Dow-Jones Bond Average	- 2.37
Industrial Common Stocks	+19.42
Dow-Jones Industrial Stock Average	- .66
All Common Stocks	+15.02
Dow-Jones Composite Average	+ 1.51
Total Account	+ 7.15

The Trust Account had an appraised value of $104,502.81 on February 6, 1969 which represented a gain of 7.15% or $6,970.53 over the previous appraisal. This satisfactory performance reflects the gain in all the Trust's common stocks, excepting the recent addition of Anaconda. Jim Walter $1.20 convertible preferred declined moderately and the recent sale of one-half the commitment has turned out favorably particularly in light of the market action over the last five days. Remaining holdings should be held as a promising representative issue in the building field for the day when Viet Nam has subsided and the anticipated building boom of the 1970's is underway.

All common stocks advanced 15.06% as against a gain of 1.51% on the Composite Average. Industrial common stocks performed even better advancing 19.42% versus a decline of .66% on the Dow. The outstanding performers included your ACF Industries up 28%, American Smelting and Refining up 21%, Marcor (name changed from Montgomery Ward following acquisition of Container Corporation) up 35%, and Phelps Dodge up 20%. Under the heading of bank and finance stocks, First Mortgage Investors gained 11% on top of a long steady gain in 1968 and U. S. Fidelity and Guaranty was up 11%.

Here again, we would recommend the sale of Phelps Dodge and place the proceeds in a more promising issue having better prospects in the current market such as Southern Company, with an attractive yield, or an addition to Seaboard World Airlines 5s. With a few changes we believe the account is soundly invested in good quality issues having strong growth prospects as well as reasonable current yield.

Current income of $3,488.20 was moderately of the previously indicated figure after adjustments and afforded a current yield of 3.34% . The account was invested approximately 61% in common stocks, of which 34% were industrial common stocks,13% in bonds, with the remainder in cash and preferred stock.

The following changes were made in the Trust portfolio during the period under review:

Sold	
100 shares	Jim Walter Corp. $1.20 convertible preferred
200 shares	Continental Mortgage Investors
Purchased	
$ 3,000	Seaboard World Airlines 5s, 1986
100 shares	Anaconda
$ 10,000	Federal Intermediate Credit Banks 6.45s, 3/3/69
Matured	
$ 20,000	U. S. Treasury Bills 10/7/68
Exchanged	
100 shares	Montgomery Ward for
100 shares	Marcor
Received	
100 shares	Phelps Dodge 2 x 1 split

If there are any questions in regard to the account, please feel free to contact us.

With kind regards,

Henderson Inches, Jr.
Vice President

HI,Jr./sc
Enclosures

Def. Exh. 53 MW
12/4/73 HD

PLAINTIFF'S EXHIBIT 20

JOHN P. CHASE, INC.

THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of February 6, 1969

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 3,000	Hunt Foods & Industries, Inc., Conv. 4 3/8s, 7/1/85	170	$ 5,100.00	$ 131.25
4,000	Reading & Bates Offshore Drilling Co. Conv. Reg. 5 1/2s, 12/1/88	96	3,840.00	220.00
3,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	125	3,750.00	150.00
	TOTAL BOND ACCOUNT		$ 12,690.00	$ 501.25
	PREFERRED STOCK ACCOUNT			
	Convertibles			
100 shs	Occidental Petroleum Co. $3.60 Conv.	148	$ 14,800.00	$ 360.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 14,800.00	$ 360.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line R. R.	49	$ 4,900.00	$ 220.00
	TOTAL RAILROADS		$ 4,900.00	$ 220.00
	Industrials			
100 shs	American Smelting & Refining Co.	83	$ 8,300.00	$ 380.00
100 shs	Anaconda Co.	60	6,000.00	250.00
100 shs	Avnet, Inc.	32	3,200.00	40.00
100 shs	British Petroleum, Ltd.	22	2,200.00	46.00
100 shs	Canadian Superior Oil, Ltd.	60	6,000.00	-
100 shs	Cities Service Co.	67	6,700.00	200.00
100 shs	Foxboro Co.	40	4,000.00	60.00
150 shs	General Motors Corp.	81	12,150.00	645.00
100 shs	Parke, Davis & Co.	31	3,100.00	140.00
200 shs	Phelps Dodge Corp.	48	9,600.00	380.00
	TOTAL INDUSTRIALS		$ 61,250.00	$ 2,141.00
	Finance			
480 shs	First Mortgage Investors	27	$ 12,960.00	$ 460.80
	TOTAL FINANCE		$ 12,960.00	$ 460.80
	TOTAL COMMON STOCK ACCOUNT		$ 79,110.00	$ 2,821.80
	TOTAL CASH ACCOUNT		$ 26,925.11	$ -
	GRAND TOTAL		$ 133,525.11	$ 3,683.05

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 20

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24C as of February 6, 1969

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 6,000	Reading & Bates Offshore Drilling Co. 5 1/2s, 12/1/88	96	$ 5,760.00	$ 330.00
4,000	Seaboard World Airlines 5s, 4/1/86	125	5,000.00	200.00
	TOTAL BOND ACCOUNT		$ 10,760.00	$ 530.00
	PREFERRED STOCK ACCOUNT			
	Convertibles			
150 shs	Occidental Petroleum Co. $3.60 Conv.	148	$ 22,200.00	$ 540.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 22,200.00	$ 540.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line R. R.	49	$ 4,900.00	$ 220.00
	TOTAL RAILROADS		$ 4,900.00	$ 220.00
	Industrials			
300 shs	American Smelting & Refining Co.	83	$ 24,900.00	$ 1,140.00
200 shs	Anaconda Company	60	12,000.00	500.00
200 shs	Avnet, Inc.	32	6,400.00	80.00
200 shs	British Petroleum, Ltd.	22	4,400.00	92.00
200 shs	Canadian Superior Oil, Ltd.	60	12,000.00	-
200 shs	Cities Service Co.	67	13,400.00	400.00
200 shs	Ebasco Industries	67	13,400.00	400.00
300 shs	Foxboro Co.	40	12,000.00	180.00
200 shs	McCulloch Oil Corp.	42	8,400.00	-
100 shs	National Casket Co.	36	3,600.00	10.00
100 shs	Pargas, Inc.	26	2,600.00	72.00
300 shs	Parke, Davis & Co.	31	9,300.00	420.00
600 shs	Phelps Dodge Co.	48	28,800.00	1,140.00
150 shs	Planet Oil Co.	60	9,000.00	-
100 shs	Scope, Inc.	62	6,200.00	-
50 shs	Tampax, Inc.	183	9,150.00	155.00
	TOTAL INDUSTRIALS		$ 175,550.00	$ 4,589.00
	Finance			
1,000 shs	First Mortgage Investors	27	$ 27,000.00	$ 960.00
	TOTAL FINANCE		$ 27,000.00	$ 960.00
	TOTAL COMMON STOCK ACCOUNT		$ 207,450.00	$ 5,769.00
	GRAND TOTAL		$ 240,410.00	$ 6,839.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 21

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

March 20, 1969

Mr. Douglas S. H. Anderson
32 Gramercy Park - 14D
New York, New York 10003

Dear Mr. Anderson:

On March 7, 1969, our firm, John P. Chase, Inc. (Chase), and its stockholders signed an Agreement with Continental Investment Corporation (CIC) pursuant to which we will be merged into a wholly owned subsidiary of CIC, also to be named John P. Chase, Inc. (New Chase). The shareholders of Chase will receive common stock of CIC.

The consummation of the merger will in effect constitute an assignment of your advisory contract with us because all of the stock of New Chase will be owned by CIC. Our contract with you provides that no such assignment shall be made without your consent. Accordingly, the purpose of this letter is to ask your consent to this transaction which we believe will be in your best interests.

CIC is a holding company formed last year for the purpose of investing in securities of insurance companies, other financial companies and other types of business particularly those participating in a financial or non-financial capacity in one or more segments of the country's shelter (housing) industries. Approximately 68% of CIC's outstanding capital stock is owned by W Corporation which is beneficially owned by the two principal officers of CIC, M. J. Wallace and N. W. Wallace. At present CIC's sole investment consists of all of the stock of Investors Mortgage Insurance Company, a corporation organized last July to engage in the business of insuring lenders against losses on residential mortgage loans. Investors Mortgage Insurance Company began writing insurance early in 1969.

On January 31, 1969, it was announced that the holders of a majority of the voting stock of Waddell & Reed, a corporation which is the principal underwriter and investment adviser of a number of investment companies, had agreed in principle to sell all their stock in Waddell & Reed to CIC at $80 per share subject to the completion of a proposed tender offer by CIC for the outstanding Waddell & Reed stock at $80 per share. Completion of the tender offer is dependent upon receipt by CIC of tenders for at least 80% of the total outstanding shares of Waddell & Reed.

PLAINTIFF'S EXHIBIT 21

New Chase will operate autonomously and all of the present directors, officers and employees of Chase will hold the same positions in New Chase. No change in the directors or officers is presently contemplated. Contingent upon consummation of the merger, John P. Chase will become a director of CIC. We believe of vital importance to you is the fact that the merger will help insure long term continuity of management and we strongly recommend your approval of this transaction. There will be no change in the method of handling your account and we look forward to a continuing relationship with you.

Please indicate your consent to this transaction by signing the enclosed copy of this letter in the space indicated and returning it in the enclosed self-addressed envelope. We respectfully ask your cooperation in acting on this matter as soon as conveniently possible. If you have any questions, please feel free to call us.

With best wishes.

Sincerely yours,

JOHN P. CHASE, INC.

By John C. Chase
Chairman

Date 3/24/69

The undersigned hereby consents to the above described assignment.

THC by Ca. Gen'l P
ASEA by Ca. Atty-in-Fact
Trust u/a Trustee

Please sign in the same manner as this letter is addressed.

PLAINTIFF'S EXHIBIT 22

JOHN P. CHASE, INC.

THE CHASE BUILDING

535 BOYLSTON STREET

BOSTON, MASSACHUSETTS 02116

TELEPHONE 262-3600

July 10, 1969

Mr. Douglas S. H. Anderson
32 Gramercy Park 14D
New York, New York 10003

Dear Doug:

Enclosed are our regular four month appraisals of The Anderson Company, the Alice S. E. Anderson Account, and the Trust Account with values taken as of June 6, 1969, together with our usual tables of distribution and diversification.

The following is a table comparing The Anderson Company account to the corresponding Dow-Jones Averages:

Bond Account	+ 12.13
Dow-Jones Bond Average	- 2.45
Industrial Common Stocks	- 15.49
Dow-Jones Industrial Stock Average	- 2.31
All Common Stocks	- 15.56
Dow-Jones Composite Average	- 8.61
Total Account	- 10.91

The Anderson Company account had an appraised value of $198,430 on June 6, 1969, which represented a moderate decline from the previous appraisal. Declines were somewhat greater than the market averages but could be traced to the unfavorable action of a handful of stocks.

In the company's bond account, the two bonds taken together advanced 25.13%. The outstanding performance was made by Reading and Bates Offshore Drilling convertible 5 1/2s, which registered a gain of about 40%. As you know, the company recently acquired the Carver-Dodge Corporation, a Colorado Oil company with extensive holdings in Indonesia. In the past eighteen months some of the most prolific oil wells have been drilled in the Indonesia area.

PLAINTIFF'S EXHIBIT 22

In contrast your Seaboard World Airline 5s of 1986 declined about 16% but have recovered moderately since the end of the formal appraisal. The 150 shares of Occidental Petroleum $3.60 convertible preferred declined about 15%. Occidental's earnings this year, assuming some conversions, are estimated at $3.30 a share which would represent a gain of 40% over last year's $2.34 a share.

All common stocks declined 15.56% as against a decline of 8.61% on the Composite Average. Contributing to this unfavorable comparison were Anaconda, Avnet, Canadian Superior and Scope. Appreciation among your equities was limited to McCulloch Oil, Parke Davis, Tampax, and Tropicana Products.

Anaconda at present levels is considered oversold taking in all the problems that the company has had to contend with in recent weeks. Our analyst would recommend holding Anaconda for a possible rebound which would provide an opportunity to switch at a later date.

Your oil stocks appear attractive at present levels, particularly British Petroleum, Cities Service and McCulloch Oil. Canadian Superior Oil has been under pressure from weak sulphur prices and a few dry holes in Canada, but the company has significant production in the Rainbow and Zama lakes area in Alberta. An important interest is held in McIntyre Porcupine Mines, which in turn owns 36% of Falconbridge Nickel Mines, Ltd. With a few minor changes which might include upgrading some of the company's investments, we believe the account is soundly invested in stocks having good long term growth prospects.

Current income of $7,351 was unchanged from the previous period and provided a yield of 3.70%, a slight improvement over 2.84% yield on the previous appraisal. The account was invested approximately 61% in common stocks, of which 51% were industrial stocks, and 30% in bonds including liquid funds, with the remainder in preferred stock.

The following changes were made in the portfolio during the period:

Sold

$3,000	Reading & Bates Offshore Drilling 5 1/2s 12/1/88
700 shares	Phelps Dodge
150 shares	Planet Oil
300 shares	American Smelting & Refining
200 shares	Ebasco Industries
1,000 shares	First Mortgage Investors

Purchased

$1,000	Seaboard World Airlines 5s 4/1/86
200 shares	Tropicana Products, Inc.
50 shares	Scope, Inc.
200 shares	British Petroleum
200 shares	Livingston Oil
100 shares	U.S. Fidelity & Guaranty Insurance Company
300 shares	Gulf Life Holding
$50,000	C.I.T. Financial Corporation Notes 7 1/4s 6/23/69

Securities Added

100 shares	Phelps Dodge Company

Received

10 shares	McCulloch Oil 5% stock dividend

Def. Exh. 16 (w)
12/11/73 CS

PLAINTIFF'S EXHIBIT 22

The following table compares the Alice S. E. Anderson account to the corresponding Dow-Jones Averages:

Bond Account	+ 9.93
Dow-Jones Bond Average	- 2.46
Industrial Common Stocks	- 17.12
Dow-Jones Industrial Stock Average	- 2.31
All Common Stocks	- 18.52
Dow-Jones Composite Average	- 8.61
Total Account	- 10.68

The Alice S. E. Anderson account had an appraised value of $102,400 on June 6, 1969, which represented a moderate decline from the previous appraisal. Declines were registered in nearly every segment of the portfolio which reflected the general market attrition in the last four months. Most of the decline can be attributed to a handful of investments such as Anaconda, Avnet, Canadian Superior Oil, Cities Service, and Foxboro, all of which were off in excess of 20%. The outstanding performance was made by your $2,000 Reading and Bates Offshore Drilling, 5 1/2s 1988, which was quoted at $135 a share on the appraisal date, showing a gain of 40%. Seaboard World Airlines, Convertible 5s 1986, declined moderately but have shown some recovery since the end of the formal period.

Your two bonds taken together were up 9.93% as against a decline of 2.46% on the Dow-Jones Bond Average. Your Occidental Petroleum Convertible Preferred stock declined moderately, but at these levels it looks unusually attractive for longer term holding. The stock has suffered from political moves in attempting to obtain clearance for a refinery in Machiesport, Maine. In addition, fertilizer prices have contineud on the weak side.

All common stocks declined 18.52% as against a decline of 8.61% on the Composite Average. On the plus side was your Parke Davis and more recently your British Petroleum, which has moved ahead of the appraisal quotation.

Overall, most of the stocks in the portfolio including the new additions of Livngston Oil and Fulf Life Holding look attractive. Earnings on the latter stock have been increased to $2.25 a share in 1969 versus $1.40 a share last year. Your 100 shares of Gulf Life could be added to at present prices around $24.

Def. Ex. 54 A

12/12/72, JP

PLAINTIFF'S EXHIBIT 22

The only real question marks are your Foxboro Corporation, which could be switched on any recovery, and your Avnet. The recent decline in the market should bring some of our favorites such as Atlantic Richfield, Union Oil, and Ashland Oil to attractive levels. With a few minor changes, we believe your account is soundly invested and should recover nicely with any real strengthening in the market place.

Current income of $4,229.50 was identical with the previous figure and afforded a current yield of 3.50%. The account was invested in approximately 39% in common stocks, of which 33% were industrial common stocks, and about 26% in bonds, with the remainder in preferred stock and cash.

The following is a list of changes in the portfolio that took place during the period:

Sold

$ 3,000	Hunt Food & Industries 4 3/8s 7/1/86
2,000	Reading & Bates 5 1/2s 12/1/88
200 shares	Phelps Dodge
100 shares	American Smelting & Refining
80 shares	First Mortgage Investors
400 shares	First Mortgage Investors

Purchased

$ 2,000	Seaboard World Airlines 5s 4/1/86
50 shares	Occidental Petroleum $5.60 Convertible Preferred
100 shares	British Petroleum, Ltd.
100 shares	Livingston Oil Company
100 shares	Gulf Life Holding
$ 25,000	C.I.T. Financial Corporation 7 1/4s 6/23/69

Securities Withdrawn

50 shares	Occidental Petroleum $3.60 Preferred

PLAINTIFF'S EXHIBIT 22

[redacted]
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. [redacted] as of June 5 19 69

	PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
		BOND ACCOUNT			
		Convertibles			
✓	$ 2,000	Reading & Bates Offshore Drilling Co. Conv. Reg. 5 1/2s 12/1/88	135	$ 2,700.00	$ 110.00
✓	5,000	Seaboard World Airlines Cv. 5s 4/1/36	104	5,200.00	250.00
		TOTAL BOND ACCOUNT		$ 7,900.00	$ 360.00
		PREFERRED STOCK ACCOUNT			
-		Convertibles			
✓	100 shs	Occidental Petroleum Corp. $3.60 Conv. Pfd.	122	$ 12,200.00	$ 360.00
		TOTAL PREFERRED STOCK ACCOUNT		$ 12,200.00	$ 360.00
		COMMON STOCK ACCOUNT			
		Railroads			
✓	100 shs	Seaboard Coastline Industries, Inc.	43	$ 4,300.00	$ 220.00
		TOTAL RAILROADS		$ 4,300.00	$ 220.00
		Industrials			
✓	100 shs	Anaconda Co.	41	$ 4,100.00	$ 250.00
✓	100 shs	Avnet, Inc.	17	1,700.00	40.00
✓	200 shs	British Petroleum Ltd.	18	3,600.00	92.00
✓	100 shs	Canadian Superior Oil Ltd.	48	4,800.00	-
✓	100 shs	Cities Service Co.	65	6,500.00	200.00
✓	100 shs	Foxboro Co.	32	3,200.00	60.00
✓	150 shs	General Motors Corp.	80	12,000.00	645.00
✓	100 shs	Livingston Oil Co.	12	1,200.00	-
✓	100 shs	Parke, Davis & Co.	32	3,200.00	140.00
		TOTAL INDUSTRIALS		$ 40,300.00	$ 1,427.00
		Insurance			
✓	100 shs	Gulf Life Holding Co.	27	$ 2,700.00	$ 50.00
		TOTAL INSURANCE		$ 2,700.00	$ 50.00
		TOTAL COMMON STOCK ACCOUNT		$ 47,300.00	$ 1,697.00
		LIQUID FUNDS			
		Short Terms			
	$25,000	C.I.T. Financial Corp. 7 1/4s 6/23/69		$ 25,000.00	$ 1,812.50
		TOTAL SHORT TERM		$ 25,000.00	$ 1,812.50
		TOTAL CASH ACCOUNT		$ 10,000.00	$ -
		TOTAL LIQUID FUNDS		$ 35,000.00	$ 1,812.50

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S (EXHIBIT 22

JOHN P. CHASE, INC.

THE CHASE BUILDING

535 BOYLSTON STREET

BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 241 as of June 6 19 69 Page 2

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	TOTAL BOND ACCOUNT		$ 7,900.00	$ 360.0
	TOTAL PREFERRED STOCK ACCOUNT		$ 12,200.00	$ 360.0
	TOTAL COMMON STOCK ACCOUNT		$ 47,300.00	$ 1,697.0
	TOTAL LIQUID FUNDS		$ 35,000.00	$ 1,812.5
	GRAND TOTAL		$ 102,400.00	$ 4,229.5

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 22

JOHN P. CHASE, INC.

THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 240 as of June 6 1969

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 3,000	Reading & Bates Offshore Drilling Cv. Reg. 5 1/2s 12/1/88	135	$ 4,050.00	$ 165.0
5,000	Seaboard World Airlines 5s 4/1/86	104	5,200.00	250.0
	TOTAL BOND ACCOUNT		$ 9,250..	$ 415.0
	PREFERRED STOCK ACCOUNT			
	Convertibles			
150 shs	Occidental Petroleum $3.60 conv.pfd.	122	$ 18,300.0	$ 540.0
	TOTAL PREFERRED STOCK ACCOUNT		$ 18,300.00	$ 540.0
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coastline Industries, Inc.	43	$ 4,300.00	$ 220.0
	TOTAL RAILROADS		$ 4,300.00	$ 220.0
	Industrials			
200 shs	Anaconda Co.	41	$ 8,200.00	$ 500.0
200 shs	Avnet, Inc.	17	3,400.00	80.0
400 shs	British Petroleum Ltd.	18	7,200.00	184.0
200 shs	Canadian Superior Oil Ltd.	48	9,600.00	-
200 shs	Cities Service Co.	65	13,000.00	400.0
300 shs	Foxboro Company	32	9,600.00	180.0
200 shs	Livingston Oil Co.	12	2,400.00	-
210 shs	McCulloch Oil Corp.	53	11,130.00	-
100 shs	National Casket Co.	32	3,200.00	10.0
100 shs	Pargas, Inc.	24	2,400.00	72.0
300 shs	Parke-Davis & Co.	32	9,600.00	420.0
150 shs	Scope, Inc.	41	6,150.00	-
50 shs	Tampax, Inc.	184	9,200.00	155.0
200 shs	Tropicana Products, Inc.	31	6,200.00	-
	TOTAL INDUSTRIALS		$ 101,280.00	$ 2,001.0
	Insurance			
300 shs	Gulf Life Holding Co.	27	$ 8,100.00	$ 150.0
100 shs	U.S. Fidelity & Guaranty Ins. Co.	72	7,200.00	400.0
	TOTAL INSURANCE		$ 15,300.00	$ 550.0
	TOTAL COMMON STOCK ACCOUNT		$ 120,880.00	$ 2,771.0

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 22

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24 C as of June 6 19 69 Page 2

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	LIQUID FUNDS			
	Short Terms			
$50,000	C.I.T. Financial Corp. 7 1/4s 6/23/69		$ 50,000.00	$ 3,625.
	TOTAL LIQUID FUNDS		$ 50,000.00	$ 3,625.0
	GRAND TOTAL		$ 198,430.00	$ 7,351.0
	TOTAL BOND ACCOUNT		$ 9,250.00	$ 415.0(
	TOTAL PREFERRED STOCK ACCOUNT		$ 18,300.00	$ 540.0(
	TOTAL COMMON STOCK ACCOUNT		$ 120,880.00	$ 2,771.0(
	TOTAL LIQUID FUNDS		$ 50,000.00	$ 3,625.0(
	GRAND TOTAL		$ 198,430.00	$ 7,351.0(

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 24

THE ANDERSON COMPANY

225 BENT STREET, CAMBRIDGE, MASSACHUSETTS 02141
TELEPHONE (AREA CODE 617) 864-7000

March 28, 1967

Mr. John P. Chase
John P. Chase, Inc.
535 Boylston Street
Boston, Massachusetts 02116

Dear John:

Things now appear to have progressed in the additional funding of this firm to a point where I would hope to have generated within about two weeks further cash for investment in marketable securities.

Yesterday Mr. Bancroft suggested that I confirm for the record my present estimate of total new funds to be derived from the proceeds of (a) two first mortgages, (b) adjustments of non-marketable obligations within the family accounts, and (c) bank borrowings, all of a maximum aggregate amount of about $ 300,000. to be so utilized.

Under the circumstances this amount would presumably take the form of up to $ 200,000. in convertible obligations and the remainder, in equities.

During the period through 1974, at which time the last Anderson Engineering Co., Inc. obligations to the family are scheduled to be retired, we would also hope to be advised in order to reduce temporarily our borrowings in conjunction with expected significant downward movements of the stock market as they have occurred in the past during its cycles. This would necessitate taking capital gains and minimizing capital losses as the cases may be, which gains might be desirable for income purposes.

I would be happy to review the details with you at a convenient time.

With best regards and many thanks, I am

Sincerely,

Doug

D. S. H. Anderson

DSHA:l
cc: Mr. Herbert Bancroft

Exh. D 26 rd.
11/21/72, D

ANDERSON

PLAINTIFF'S EXHIBIT 26

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

November 5, 1969

Mr. Douglas S. H. Anderson
32 Gramercy Park Apt. 14D
New York, New York 10003

Dear Mr. Anderson:

Enclosed is the regular appraisal of the Anderson Company account with market values taken as of October 6, 1969, along with tables of distribution and diversification.

The following is a comparison of the account with the Dow-Jones Averages:

	Per Cent Change
Bond Account	- 21.43%
Dow-Jones Bond Average	- 3.12
Industrial Common Stocks	- 21.72
Dow-Jones Industrial Average	- 12.48
All Common Stocks	- 17.60
Dow-Jones Composite Average	- 13.48
Total Account	- 20.65%

The Company account had an appraised value of $96,580 on October 6, 1969, which represented a moderate decline from the previous period. Declines were registered in every segment of the portfolio with several equities off in excess of 25%. In the past few weeks there has been some substantial recovery posted in a number of equities in the portfolio, including a 26% gain on Foxboro, a 19% gain on Scope, and a 16% gain on Avnet.

In the Company's bond portfolio, bonds were down 21% as against a delcine of 3.12% on the Dow-Jones Bond Average. This reflects the disappointing performance of Seaboard World Airlines convertible 5's of 1986 which were quoted at $86 a share and have since recovered to the $90+ level.

Def Exh. 55 A

All common stocks declined about 17% versus a decline of 13% on the Composite Average. This group was hurt by the decline of 14% on Seaboard Coast Line Industries which has since recovered to the $40+ area. Industrial common stocks declined about 22% as against a decline of 12 1/2% on the Dow-Jones Average. While all holdings in the equity account were off moderately, except Gulf Life Holding, most issues have recovered from a few points to substantial gains in the pass few weeks. Gulf Life Holding, the outstanding performer during the period, was up about 18% and has advanced another 15% in the last two weeks.

The new addition, Consolidated Oil and Gas, looks very promising with earnings estimated at $1.50 this year and $2.00+ in 1970. Earnings could develop more rapidly if real estate projects, particularly the one in Hawaii, comes along at a faster pace. The Company's present commitment of 100 shares could be doubled at current prices in the low 20's.

Pargas, Inc. is doing substantially better based on a quarter to quarter improvement in per share earnings in the last three quarters and the outlook for liquified petroleum gas sales is encouraging over the foreseeable future. With any further improvement in the Company's Anvet holding, it would be advisable to switch this stock into an equity with a more promising longer term outlook. Avnet reported per share earnings at 82 cents a share in the year ending June 30, 1969, down from $1.15 a share in the prior fiscal year. While sales actually rose 8% during the year, expenses climed even faster. While we believe that the account is invested in quality securities, we believe that larger holdings in a smaller number of securities would provide better performance.

Current income of $2.580 was slightly less than the previously indicated figure after adjustments and afforded a yield of 2.67%. The account was invested approximately 81% in common stocks of which 65% were industrial common stocks, 7% in bonds, and the remainder in preferred stock.

In your bond portfolio your $3,000 Reading and Bates 5 1/2's of 1988 were sold and the proceeds were placed in an equivalent amount of Helmerich and Payne 5's of 1987.

In the Company's common stock portfolio the following changes were made:

Sales

400 shares	Canadian Superior Oil
300 shares	Parke Davis
50 shares	Tampax
200 shares	Tropicana
100 shares	U. S. Fidelity

PLAINTIFF'S EXHIBIT 26

Purchases

100 shares	Austral Oil
400 shares	Canadian Superior Oil
100 shares	Consolidated Oil and Gas
200 warrants	First Mortgage Investors

The following paragraphs represent our current thoughts on the general market outlook.

Both the economy and the stock market have followed the course projected in our July TradeWinds entitled " A Cold Front". We believe this forecast will stand the test of events during the next nine months. Corporate earnings are expected to be disappointing for the next three quarters, but the stock market has discounted most of the negatives in the picutre and investors generally are beginning to look across the economic valley in anticipation of a business recovery in the latter half of 1970. An easing in interest rates which we anticipate, together with psychological aid stemming from troop withdrawals from Vietnam should result in selective strength in the market, and we intend to keep your account in tune with this prospect.

Sincerely,

Henderson Inches, Jr.

Henderson Inches, Jr.
Vice President

HI,Jr./sr
Enclosures

PLAINTIFF'S EXHIBIT 26

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3000

November 5, 1969

Mrs. Alice S. E. Anderson
32 Pickwick Road
West Newton, Massachusetts

Dear Mrs. Anderson:

Enclosed is the regular appraisal of your account with market values taken as of October 6, 1969, and tables of distribution and diversification.

The following is a table comparing your account to the Dow-Jones Averages:

	Per Cent Change
Bond Account	- 18.96%
Dow-Jones Bond Average	- 5.12
Industrial Common Stocks	- 17.06
Dow-Jones Industrial Average	- 12.48
All Common Stocks	- 13.81
Dow-Jones Composite Average	- 15.48
Total Account	- 12.02%

The account had an appraised value of $90,087.90 on October 6, 1969, which represented a moderate decline from the previous figure. Declines were reported in nearly every segment of the portfolio, including both the "blue chips" and the lessor known companies. In the last few weeks there has been significant recovery in a number of your holdings, including Seaboard World Airlines up almost ten points, Foxboro up nine points, Gulf Life Holding up five points, and a few other issues advanced tokenly. A new appraisal as of this writing would make a much better comparison with the previous period.

In the bond portfolio which consisted of General Telephone and Electronics 4% of 1990 and Seaboard World Airlines convertible 5% of 1986, taken together, were down about 19% as against a decline of 5.12% on the Bond's Average.

All common stocks declined 13.61% and were very much in line with the decline in the Dow-Jones Composite Average. Industrial common stocks were down almost 18% as against a 12% decline on the Industrial Average. The only stock to register a gain was your 100 shares of Gulf Life Holding which advanced 18% and has subsequently advanced another 16%.

Another recent addition, First Mortgage Investors, which was purchased at $18 a share, was quoted at $19 on the appraisal and has since advanced to a price of $22. The outstanding performer in the past few weeks has been your Foxboro Company which has reached the $40 a share level, an advance of about 29%. Some recovery is in prospect for Foxboro this year reflecting steps taken by the management to reduce expenditures and establish more effective controls over profit margins. The company's work force has been reduced 11% in the last twelve months; two branch warehouses and assembly facilities have been closed and other steps have been taken to improve operating efficiencies. New orders are now running well ahead of shipments and overseas business is increasing faster than domestic orders. Management objectives for the next five years is to double its present business and to generate profits consistent with the company's pre-1968 performance. Foxboro's basic earning power at the present time is something on the order of $2.25 a share.

Avnet registered a decline of about 23%, but has recovered 15% in the last five market days. The outlook for Avnet is somewhat cloudy at this time and any further rebound may provide an opportunity to switch to a more interesting situation such as our recently recommended Brockway Glass. With a few minor changes, we believe your portfolio is soundly invested in interesting situations having attractive long term growth prospects.

Current income of $2,439 was slightly less than the previously indicated figure after adjustments and afforded a current yield of 2.71%. Your account was invested approximately 45% in common stocks of which 33% were industrial common stocks, and 7% in bonds, with the remainder in preferred stock and cash.

The following changes were made in your portfolio during the period:

Sales

$ 2,000	Reading & Bates Offshore Drilling 5 1/2s of 1988
200 shares	Canadian Superior Oil
100 shares	Parke Davis

PLAINTIFF'S EXHIBIT 26

Purchases

$ 3,000	General Telephone & Electronics 4s of 1990
200 shares	Canadian Superior Oil
200 shares	First Mortgage Investors

The following paragraph represents our current thoughts on the general market outlook.

Both the economy and the stock market have followed the course projected in our July Trade Winds entitled " A Cold Front". We believe this forecast will stand the test of events during the next nine months. Corporate earnings are expected to be disappointing for the next three quarters, but the stock market has discounted most of the negatives in the pictures and investors generally are beginning to look across the economic valley in anticipation of a business recovery in the latter half of 1970. An easing in interest rates which we anticipate, together with psychological aid stemming from troop withdrawals from Vietnam should result in selective strength in the market, and we intend to keep your account in tune with this prospect.

John's formula speech said dangerous to do so

Sincerely,

Henderson Inches, Jr.
Vice President

HI,Jr./sr
Enclosures

cc: Mr. Douglas S. H. Anderson

PLAINTIFF'S EXHIBIT 26

[redacted], INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 7[redacted]A as of October 6, 1969

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Utilities			
$ 3,000	General Telephone & Electronics Corp. 4s, 3/15/90	75	$ 2,250.00	$ 120.00
	TOTAL UTILITIES		$ 2,250.00	$ 120.00
	Convertibles			
5,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	86	$ 4,300.00	$ 250.00
	TOTAL CONVERTIBLES		$ 4,300.00	$ 250.00
	TOTAL BOND ACCOUNT		$ 6,550.00	$ 370.00
	PREFERRED STOCK ACCOUNT			
	Convertibles			
100 shs	Occidental Petroleum Corp. $3.60 Conv. Pfd.	78	$ 7,800.00	$ 360.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 7,800.00	$ 360.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries, Inc.	37	$ 3,700.00	$ 220.00
	TOTAL RAILROADS		$ 3,700.00	$ 220.00
	Industrials			
100 shs	Anaconda Co.	28	$ 2,800.00	$ 190.00
100 shs	Avnet, Inc.	13	1,300.00	40.00
200 shs	British Petroleum, Ltd.	16	3,200.00	92.00
100 shs	Canadian Superior Oil, Ltd.	28	2,800.00	-
100 shs	Cities Service Co.	50	5,000.00	200.00
100 shs	Foxboro Co.	31	3,100.00	60.00
150 shs	General Motors Corp.	72	10,800.00	645.00
100 shs	LVO Co.	8	800.00	-
	TOTAL INDUSTRIALS		$ 29,800.00	$ 1,227.00
	Finance & Insurance			
200 shs	First Mortgage Investors	19	$ 3,800.00	$ 224.00
100 shs	Gulf Life Holding Co.	32	3,200.00	38.00
	TOTAL FINANCE & INSURANCE		$ 7,000.00	$ 262.00
	TOTAL COMMON STOCK ACCOUNT		$ 40,500.00	$ 1,709.00
	TOTAL CASH ACCOUNT		$ 35,237.90	$ -
	GRAND TOTAL		$ 90,087.90	$ 2,439.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 2[illegible]

THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 240 as of October 6, 19 69

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 3,000	Helmerich & Payne, Inc., Conv. 5s, 12/1/87	83	$ 2,490.00	$ 150.00
5,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	86	4,300.00	250.00
	TOTAL BOND ACCOUNT		$ 6,790.00	$ 400.00
	PREFERRED STOCK ACCOUNT			
	Convertibles			
150 shs	Occidental Petroleum Corp. $3.60 Conv. Pfd.	78	$ 11,700.00	$ 540.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 11,700.00	$ 540.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries, Inc.	37	$ 3,700.00	$ 220.00
	TOTAL RAILROADS		$ 3,700.00	$ 220.00
	Industrials			
200 shs	Anaconda Co.	28	$ 5,600.00	$ 380.00
200 shs	Anvet, Inc.	13	2,600.00	80.00
100 shs	Austral Oil Co.	26	2,600.00	-
400 shs	British Petroleum, Ltd.	16	6,400.00	184.00
200 shs	Canadian Superior Oil, Ltd.	28	5,600.00	-
200 shs	Cities Service Co.	50	10,000.00	400.00
100 shs	Consolidated Oil & Gas, Inc.	26	2,600.00	-
300 shs	Foxboro Co.	31	9,300.00	180.00
200 shs	LVO Corp.	8	1,600.00	-
210 shs	McCulloch Oil Corp.	39	8,190.00	-
100 shs	National Casket Co.	22	2,200.00	10.00
100 shs	Pargas, Inc.	20	2,000.00	72.00
150 shs	Scope, Inc.	30	4,500.00	-
	TOTAL INDUSTRIALS		$ 63,190.00	$ 1,306.00
	Finance & Insurance			
200 wts	First Mortgage Investors	8	$ 1,600.00	$ -
300 shs	Gulf Life Holding Co.	32	9,600.00	114.00
	TOTAL FINANCE & INSURANCE		$ 11,200.00	$ 114.00
	TOTAL COMMON STOCK ACCOUNT		$ 78,090.00	$ 1,640.00
	GRAND TOTAL		$ 96,580.00	$ 2,580.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 28

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

March 10, 1970

Mr. D. S. H. Anderson
c/o Legg & Company
80 Broad Street
New York City, New York 10004

Dear Doug:

With respect to your letter of February 26, in which you contemplate adding 150 shares of General Motors and 100 shares of Johnson & Johnson to the company portfolio, we believe this would enable you to eliminate some of the less promising investments. Initially, we would be inclined to use the appreciation on the General Motors to offset losses on National Casket, Avnet and probably LVO. At a later date, it would be desireable to consider taking losses on Scope and Syntex against your Johnson & Johnson.

With the proceeds from the sales, we would strongly recommend that you make investments from our regular or A lists.

It was nice to hear from you.

With kind regards,

John P. Chase, Chairman

JPC:drl

Def. Exh. 57 (4)
12/14/73 D

PLAINTIFF'S EXHIBIT 32

D. S. H. ANDERSON

c/o Legg, Mason & Co., Inc.
80 Broad Street
New York, N.Y. 10004
October 2, 1970

Special Delivery

Mr. John P. Chase
John P. Chase, Inc.
535 Boylston Street
Boston, Massachusetts 02116

Dear John:

As the four months' review date of the three family accounts approaches, it seems to be a more propitious time to write, first to enquire whether you think it is more likely that we are relatively about at the apex of what has been described as a secondary reaction in a primary bear market.

We have been fortunate during this April 30 fiscal year in achieving a net of about $105 thousand in long term capital gains for The Anderson Company on account of the sale of our real estate in Cambridge.

Accordingly and especially if you now or later decide that what has been a primary bear market is to continue, we should focus on offsetting remaining losses.

Henry has more of the details on the Company's securities (long and short) and I would appreciate receiving your judgment on this matter.

With much appreciation and kind regards,

Sincerely,

D.S.H. Anderson

DSHA/fg
cc: Mr. Inches

P.S. Is your New York tie line to be reinstituted?

Def. Exh. 60 W.D.
12/12/77

PLAINTIFF'S EXHIBIT 35

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

November 6, 1970

Mr. Douglas S. H. Anderson
32 Gramercy Park
New York, New York 10003

Dear Doug:

Enclosed is the appraisal of The Anderson Company with market values taken as of October 6, 1970, along with the supporting tables of distribution and diversification.

The following table compares the account with the equivalent Dow-Jones Averages:

	Per Cent Change
Bond Account	+ 41.99%
Dow-Jones Bond Average	- 2.72
All Common Stocks	+ 20.84
Dow-Jones Composite Average	+ 13.97
Industrial Common Stocks	+ 19.82
Dow-Jones Industrial Average	+ 12.58
Total Account	+ 4.28%

The Anderson Company had an appraised value of $229,606 on October 6, 1970, which represented a gain of 4.28% over the previous appraisal. You will notice that the designation of cash and equivalent was $185,000 which included the addition of $82,656.57 during the period.

All investments in the portfolio registered appreciation during the period with the exception of Anaconda. The Company's Seaboard World Airlines convertible 5's of 1986 were up 14% and the Occidental Petroleum convertible $3.60 advanced 35%. In the last few weeks Occidental Petroleum has been permitted to operate at a moderately higher production rate in Libya following the sharp reduction of previous months. However, we continue to be concerned over the Libyan government policy towards the petroleum industry.

All common stocks were up 20.84% as against an increase of 13.97% on the Composite Average. The best performances were turned in by Alza Corporation, Canadian Superior Oil, Consolidated Oil and Gas, Syntex and Austral Oil. You may recall from our conversation that the current office policy is negative towards Anaconda, although at current reduced levels there is no rush in selling the stock.

Def. Exh. 69-A
12/12/75 AH

PLAINTIFF'S EXHIBIT 35

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

November 6, 1970

Mr. Douglas S. H. Anderson
32 Gramercy Park
New York, New York 10003

Dear Doug:

Enclosed is the appraisal of The Anderson Company with market values taken as of October 6, 1970, along with the supporting tables of distribution and diversification.

The following table compares the account with the equivalent Dow-Jones Averages:

	Per Cent Change
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All Common Stocks	+ 20.84
Dow-Jones Composite Average	+ 13.97
Industrial Common Stocks	+ 19.82
Dow-Jones Industrial Average	+ 12.58
Total Account	+ 4.28%

The Anderson Company had an appraised value of $229,606 on October 6, 1970, which represented a gain of 4.28% over the previous appraisal. You will notice that the designation of cash and equivalent was $185,000 which included the addition of $82,656.57 during the period.

All investments in the portfolio registered appreciation during the period with the exception of Anaconda. The Company's Seaboard World Airlines convertible 5's of 1986 were up 14% and the Occidental Petroleum convertible $3.60 advanced 35%. In the last few weeks Occidental Petroleum has been permitted to operate at a moderately higher production rate in Libya following the sharp reduction of previous months. However, we continue to be concerned over the Libyan government policy towards the petroleum industry.

All common stocks were up 20.84% as against an increase of 13.97% on the Composite Average. The best performances were turned in by Alza Corporation, Canadian Superior Oil, Consolidated Oil and Gas, Syntex and Austral Oil. You may recall from our conversation that the current office policy is negative towards Anaconda, although at current reduced levels there is no rush in selling the stock.

Def. Exh. 69-A
12/12/75 AD

Douglas S. H. Anderson
The Anderson Company

PLAINTIFF'S EXHIBIT 35

November 6, 1970

Consolidated Oil and Gas recently made a significant discovery in the Powder River Basin with a 4,000 barrell per day well. The report indicated the prospects of a new field in an area close to existing pipelines. In addition, the company is having a rights offering on their real estate company, the Eagle County Development Corporation. The latter company is quite interesting in that they own most of the real estate in Vail, Breckenridge and Dillon, Colorado in which the property is sold to skiing enthusiasts.

British Petroleum has performed better recently based largely on strong tanker rates. Syntex is considered quite attractive in the low 30's partly on the basis of the new asthma drug and resumption of a modest growth on their regular product lines.

Overall we believe your investments represent attractive growth vechicles with the exceptions mentioned and discussed on the phone.

Current income of $1,653 was moderately under the previous figure after adjustments and does not include any income from your cash and equivalent.

In your bond portfolio the following sales took place:

$ 4,000	Zurn Industries 5 3/4's, 1994
$ 5,000	General Telephone & Electronics 4's, 1990
$ 5,000	Purex 4 7/8's,1994
$ 6,000	First Mortgage Investors 6 3/4s, 1985
$ 3,000	Butes Oil & Gas 5 1/2's, 1988
$ 3,000	Helmerich & Payne 5's, 1987

In your common stock portfolio you sold 100 shares of Seaboard Coast Line Industries and 100 shares of British Petroleum. You also sold 100 shares of Atlantic Richfield $2.80 convertible preferred and 500 shares of Mortgage Investment Group.

The following paragraphs represent our current thoughts on the general market outlook.

In recent months the stock market has made a substantial recovery from the severe decline in May following the psychological impact of Cambodia, the Middle East and the Penn Central bankruptcy.

The Federal Reserve System has been pumping credit into the economy which has eased the liquidity crisis and brought somewhat lower interest rates with improving bond prices. Most of the business indices are pointing the way to a real recovery in business in the coming months.

Def-Exh 62 Pltf
12/12/73 jj

Douglas S. H. Anderson
The Anderson Company

PLAINTIFF EXHIBIT 35

November 6, 1970

In this process, however, some disappointing adjustments may occur and the Middle East situation is still ominous, but the market appears to have established a base in anticipation of a recovery in corporate profits. This should provide an opportunity to acquire those equities that are best situated to benefit from the now emerging trends.

Sincerely,

Henderson Inches, Jr.

Henderson Inches, Jr.
Vice President

HI:sr

Enclosures

Def. Exh. 62 (L)
12/14/73 HJ

PLAINTIFF'S EXHIBIT 35

JOHN T. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

November 6, 1970

Mr. Douglas S. H. Anderson
32 Gramercy Park 14-D
New York, New York

Dear Doug:

Enclosed is the appraisal of the Alice S. E. Anderson account with market values taken as of October 6, 1970.

The following table compares the account to the equivalent Dow-Jones Averages:

	Per Cent Change
Bond Account	+ 13.06%
Dow-Jones Bond Average	- 2.72
All Common Stocks	+ 31.03
Dow-Jones Industrial Average	+ 13.97
Total Account	+ 1.97%

The account had an appraised value of $73,500 on October 6, 1970, which represented an increase of 1.97% over the previous appraisal period. You will notice that the designation of cash and equivalent was $65,000 which includes the addition of $23,808.55 during the period.

The account's three investments, Seaboard World Airlines convertible 5's of 1986, Atlantic Richfield $2.80 convertible preferred, and Seaboard Coast Line Industries, advanced 14%, 12%, and 31% respectively.

While Seaboard World Airlines was discussed in the Anderson Trust, it looks like a slowly improving situation. The company's fleet of airplanes is being fully utilized and the Atlantic air freight traffic has registered moderate improvement in the last few months.

Your Atlantic Richfield $2.80 convertible preferred has advanced moderately since the end of the formal appraisal, partly reflecting the possibility of an Alaskan pipeline award in the next few months. Humble's recent announcement that tankers will not be used to ship North Slope oil reconfirms the necessity of a pipeline.

Douglas S. H. Anderson PLAINTIFF'S EXHIBIT 35
The Account of Alice D. E. Anderson November 6, 1970

Seaboard Coast Line Industries has declined moderately since the end of the formal appraisal period and our current estimate of earnings is $2.90 a share, down slightly from $3.02 in 1969, although we are projecting improvement to the $3.25 level in calendar 1971.

Current income of $610 represents the income on the three investments discussed above and does not include any return from your $65,000 liquid fund investment.

In your bond portfolio you sold $3,000 General Telephone and Electronics 4's of 1990 and $5,000 First Mortgage Investors 6 3/4's of 1985.

If there are any questions concerning this account, please feel free to contact us.

Sincerely,

Henderson Inches

Henderson Inches, Jr.
Vice President

HI:sr

Enclosures

PLAINTIFF'S EXHIBIT 35

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of October 6, 19 70

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertible			
$ 5,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	47	$ 2,350.00	$ 250.00
	TOTAL BOND ACCOUNT		$ 2,350.00	$ 250.00
	PREFERRED STOCK ACCOUNT			
	Convertible			
50 shs	Atlantic Richfield Co. $2.80 Conv. Pfd.	47	$ 2,350.00	$ 140.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 2,350.00	$ 140.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries, Inc.	38	$ 3,800.00	$ 220.00
	TOTAL COMMON STOCK ACCOUNT		$ 3,800.00	$ 220.00
	TOTAL CASH & EQUIVALENT		$ 65,000.00	$ -
	GRAND TOTAL		$ 73,500.00	$ 610.00

Unless we hear from you to the contrary, we shal assume that this list agrees with your records and meets with your approval.

LAINTIFF'S EXHIBIT 35

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 240 as of October 6, 1970

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertible			
$ 8,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	47	$ 3,760.00	$ 400.00
	TOTAL BOND ACCOUNT		$ 3,760.00	$ 400.00
	PREFERRED STOCK ACCOUNT			
	Convertible			
150 shs	Occidental Petroleum Corp. $3.60 Conv. Pfd.	65	$ 9,750.00	$ 540.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 9,750.00	$ 540.00
	COMMON STOCK ACCOUNT			
	Industrials			
2 shs	Alza Corp.	23	$ 46.00	$ -
200 shs	Anaconda Co.	24	4,800.00	380.00
100 shs	Austral Oil Co., Inc.	23	2,300.00	-
300 shs	British Petroleum	11	3,300.00	138.00
100 shs	Canadian Superior Oil, Ltd.	38	3,800.00	-
100 shs	Consolidated Oil & Gas, Inc.	12	1,200.00	-
300 shs	Foxboro Co.	26	7,800.00	-
200 shs	Pargas, Inc.	15	3,000.00	160.00
150 shs	Scope, Inc.	11	1,650.00	-
50 shs	Syntex Corp.	36	1,800.00	20.00
100 shs	Walco National Corp.	14	1,400.00	15.00
	TOTAL COMMON STOCK ACCOUNT		$ 31,096.00	$ 713.00
	TOTAL CASH & EQUIVALENT		$ 185,000.00	$ -
	GRAND TOTAL		$ 229,606.00	$ 1,653.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 37

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASSACHUSETTS 02116
TELEPHONE 262-3600

Dow @ 760

November 20, 1970

Mr. D. S. H. Anderson
Legg, Mason & Co., Inc.
80 Broad Street
New York, New York 10004

Dear Doug:

In answer to your letter to Hennie Inches on November 9, 1970, I have looked over the various reports on American Investors Fund. As you know, we manage five domestic mutual funds, which cover most of the desired objectives, and are not considering the acquisition of any other mutual funds. The historical record of American Investors has been well above average until the market decline of the last year and a half. In addition, the fund is a no-load fund which would not fit into our mutual fund program.

In connection with your short position in the family and company accounts, I would strongly recommend that you cover these positions within the next few weeks. As you know from our November 4 report on the economic outlook, we are looking for a moderate recovery in the pace of business activity, which in recent weeks was delayed by the auto strike. The bottom in the market was probably registered in the May-June period of this year, and any down-turn at this juncture would likely hold above the 710-720 level on the Dow.

It was nice to hear from you. Kind regards.

Sincerely,

John

John P. Chase
Chairman of the Board

JPC/bu

D of Esq. 64 W
11/24/70

Pltf Exh 30-dd
1/8/74

PLAINTIFF'S EXHIBIT 39

The Anderson Company
32 Gramercy Park (14-D)
New York, N. Y. 10003
(as of) February 5, 1971

John P. Chase, Inc.
The Chase Building
535 Boylston Street
Boston, Massachusetts 02116

Attention: Mr. Henderson Inches,
Vice President

Gentlemen:

Furthering my telephone conversations during the first week of February and my subsequent meeting with your Mr. Inches, this letter is intended to revoke our letter Agreement dated (as of) November 1, 1966 and relating to our retaining you as investment managers.

After our aforementioned meeting, I discussed this matter with Mr. Whipple and we concur in this decision.

Accordingly, this notice relates to the Trust under the Will of Lloyd D. H. Anderson and (Mrs.) Alice S. E. Anderson accounts as well as that of The Anderson Company.

In accordance with our Agreement, would you kindly advise me at the above address of any remaining fee(s) as of the anniversary date first written above.

Thank you for your kindness and understanding in these matters.

Sincerely,

D. S. H. Anderson,
General Partner
Trustee
Attorney-in-fact

DSHA:k
cc: John S. Whipple, Esq.

PLAINTIFF'S EXHIBIT 43

FORM ADV
(Revised: 9-1-68)
Page 1.

APPLICATION FOR REGISTRATION AS AN INVESTMENT ADVISER OR TO AMEND SUCH AN APPLICATION UNDER THE INVESTMENT ADVISERS ACT OF 1940

SECURITIES AND EXCHANGE COMMISSION • WASHINGTON, D.C. 20549

SEC USE
FILE NO. 801-
DATE FILED

(Read instruction sheet before preparing Form. Please print or type.)

1. (a) If this is an APPLICATION for registration, *check here,* ☐ and complete all items in full.
   (b) If this is an AMENDMENT to an Application, *check here,* ☒ and specify below all parts which are amended.
   Item(s) _____ of Page 1 of Form ADV Schedule A_____ Schedule B_____
   Item(s) _____ of Page 2 of Form ADV
   Item(s) _____ of Page 3 of Form ADV Schedule C_____ Schedule D_____ Schedule E_____

2. Full name of Applicant or Registrant: (If individual, state last, first, middle name)

   JOHN P. CHASE, INC.

3. Name under which business is conducted, if different:

   not applicable

4. If name of business is hereby amended, state previous name here:

   not applicable

5. Address of principal place of business: (Do not use P.O. Box Number)

THE CHASE BUILDING 535 BOYLSTON STREET	BOSTON	MASSACHUSETTS	02116
(No. and Street)	*(City)*	*(State)*	*(ZIP Code)*

6. Mailing address, if different:

7. Is Applicant taking over all or substantially all of the assets and liabilities and continuing the business of a registered investment adviser?
   If yes, state: Yes ☐ No ☒
   (a) Date of succession: _____
   (b) Full name and IRS Empl. Ident. No. of predecessor: _____
   (c) Address of predecessor: _____

(No. and Street)	*(City)*	*(State)*	*(ZIP Code)*

8. Applicant or Registrant consents that notice of any proceeding before the Commission in connection with its application for or registration as an investment adviser may be given by sending notice by registered or certified mail or confirmed telegram to the person named below, at the address given.

SCHARNBERG	OLIVER	H.
(Last name)	*(First name)*	*(Middle name)*

The Chase Building 535 Boylston Street
(No. and Street)

BOSTON	MASSACHUSETTS	02115
(City)	*(State)*	*(ZIP Code)*

9. EXECUTION: The Applicant or Registrant submitting this Form and its attachments and the person by whom it is executed represent hereby that all information contained therein is true, current and complete. It is understood that all required items and Schedules are considered integral parts of this form and that the submission of any amendment represents that all unamended items and Schedules remain true, current and complete as previously submitted.

Dated the 30th day of December, 1968.

JOHN P. CHASE, INC.
(Name of Corporation, Partnership or other organization.)

(Manual signature of Sole Proprietor, General Partner, Managing Agent or Principal Officer)

PRESIDENT
(Title)

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 80b-17)

(All items on this page must be answered in full.)

DO NOT WRITE BELOW THIS LINE—FOR SEC USE 484a

PLAINTIFF'S EXHIBIT 43

10. Applicant or Registrant is: (Check one box)

[X] A corporation [ ] A partnership

[ ] A sole proprietorship [ ] Other (specify below)

11. If Applicant or Registrant is a *sole proprietor*, state full residence address:

(Number and Street)

(City) (State) (ZIP Code)

12. If Applicant or Registrant is a *corporation*:

(a) State date and place of incorporation: Boston

Massachusetts July 19, 1932

(b) List below:

(Classes of equity securities)	(Voting or Non-Voting)
Schedule attached	

(c) Complete Schedule A

13. If Applicant or Registrant is a *partnership*, complete Schedule B.

REMINDER: If a registered partnership is dissolved and a new one is created to continue the business of the old one, the new partnership must file a new application for registration as an investment adviser.

14. If Applicant or Registrant is *other* than a sole proprietorship, partnership, or corporation:

(a) Describe here the type of organization or association:

(b) Complete Schedule C.

15. (a) Does any person not named in Items 2 and 12-14, inclusive, or any Schedule thereunder, directly or indirectly, through agreement or otherwise, exercise or have power to exercise a controlling influence over the management or policies of Applicant or Registrant? Yes [ ] No [X]

If "Yes," state on Schedule E the full name (last, first, middle) of each such person and describe the agreement or other basis through which such person exercises a controlling influence.

(b) Is the business of Applicant or Registrant wholly or partially financed, directly or indirectly, by any person not named in Items 12-14, inclusive, or any Schedule thereunder in any manner *other than by:* (1) a public offering of securities made pursuant to the Securities Act of 1933; (2) credit extended *in the ordinary course of business* by suppliers, banks or others; or (3) a satisfactory subordination agreement, as defined in Rule 15c3-1 under the Securities Exchange Act of 1934. Yes [ ] No [X]

If "Yes," state on Schedule E the full name (last, first, middle) of each such person and describe the agreement or arrangement through which such financing is made available, including amount thereof.

FILE NO.	DOC. SEQ. NO.
801-	

16. State whether the Applicant or Registrant, any person named in Items 12, 13, 14 and 15 or any Schedule thereunder, or any other person directly or indirectly controlling or controlled by the Applicant or Registrant, including any employee:

(a) Has been found by the Commission to have made or caused to be made in any application for registration or in any report filed with the Commission under the Investment Advisers Act of 1940, or in any proceeding before the Commission with respect to registration, any statement which was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, or to have omitted to state in any such application or report any material fact which was required to be stated therein. Yes [ ] No [X]

(b) Has been convicted within 10 years of any felony or misdemeanor (1) involving the purchase or sale of any security, (2) arising out of the conduct of the business of a broker, dealer, or investment adviser; (3) involving embezzlement, fraudulent conversion, or misappropriation of funds or securities; or (4) involving violation of Section 1341, 1342 or 1343 of Title 18 United States Code (mail fraud, fraud by wire [including telephone, telegraph, radio or television]). Yes [ ] No [X]

(c) Is permanently or temporarily enjoined by order, judgment, or decree of any court from acting as an investment adviser, underwriter, broker or dealer, or as an affiliated person or employee of any investment company, bank, or insurance company, or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase or sale of any security. Yes [ ] No [X]

(d) Has been found by the Commission or any court to have violated or to have aided, abetted, counseled, commanded, induced or procured the violation by any other person of the Securities Act of 1933, or the Securities Exchange Act of 1934, or the Investment Advisers Act of 1940, or the Investment Company Act of 1940, or of any rule or regulation under any of such Acts, or to have failed reasonably to supervise another person who committed such a violation. Yes [ ] No [X]

(e) Has been the subject of an order of the Commission entered pursuant to paragraph (7) of Section 15(b) of the Securities Exchange Act of 1934, as amended, barring or suspending the right of such person to be associated with a broker or dealer. Yes [ ] No [X]

(f) Has been denied membership or registration with or suspended, revoked or expelled from membership or registration with the National Association of Securities Dealers, Inc., or any national securities exchange; or has been suspended or barred from being associated with any member of such association or any member of such exchange. Yes [ ] No [X]

(g) Has been found to have been a cause of the denial, suspension, revocation or expulsion of any person's membership or registration with the National Association of Securities Dealers, Inc. Yes [ ] No [X]

(h) Has been denied registration (license) with or suspended, revoked or expelled from registration (license) with any state, territory or the District of Columbia or any agency thereof as a broker-dealer, investment adviser, securities salesman or as a person associated with a person engaged in such business? Yes [ ] No [X]

(i) Has been the subject of any order, judgment, decree or other sanction of any foreign court, foreign exchange, or foreign governmental or regulatory agency arising out of any securities or investment advisory activities? Yes [ ] No [X]

(j) Has been within the past 10 years, the subject of any cease and desist, desist and refrain, prohibition or similar order which was issued by any state, territory or the District of Columbia arising out of the conduct of the business as a broker-dealer or investment adviser? Yes [ ] No [X]

If this is an amendment and the answer to any paragraph of this item is changed from "Yes" to "No," explain on a separate Schedule E.

Complete a separate Schedule D for each natural person named in Items 2, 12, 13, 14 and 15 of any Schedules thereunder and for all other natural persons subject to any action reported under Item 16. If the "person" subject to any action reported under Item 16 is other than a natural person, complete parts I, II and VII of Schedule D.

18. Does Applicant or Registrant:

(a) Furnish "Investment supervisory services," defined as the giving of continuous advice to clients as to the investment of funds on the basis of individual needs of each client (distinguish from continuous advice of any nature which is not based on consideration of all relevant factors: e.g., the nature and amount of other assets, investments and insurance, and the nature and extent of the personal and family obligations of each client)? Yes ☒ No ☐

(b) Manage securities accounts for clients under circumstances not involving "Investment supervisory services"? Yes ☐ No ☒

(c) Furnish investment advice through consultations (not as part of (a) or (b) above)? Yes ☐ No ☒

(d) Issue periodic publications relating to securities on a subscription basis? Yes ☐ No ☒

(e) Prepare or issue special reports or analyses relating to securities, not included in any service described above? Yes ☐ No ☒

(f) Prepare or issue, not as part of any service described above, any charts, graphs, formulas or other devices which clients may use to evaluate securities? Yes ☐ No ☒

(g) Furnish investment advice in any manner not described above? Yes ☐ No ☒

If the answer to any of the preceding paragraphs is "Yes," furnish full details on Schedule E.

With respect to paragraphs (a), (b), (d), (e), (f) and (g) such details should include the name of each publication, special report and analysis issued, the basis of compensation and when such compensation is payable.

19. (a) Is Applicant or Registrant engaged in any business or profession other than acting as investment adviser with respect to securities? (If so, describe briefly on a Schedule E such other business or profession.) Yes ☐ No ☒

(b) Is the principal business of Applicant or Registrant that of an investment adviser? Yes ☒ No ☐

(c) Does a substantial part of Applicant's or Registrant's investment advisory business consist of rendering "Investment supervisory services" as defined in Item 18(a) above? Yes ☒ No ☐

E01- PLAINTIFF'S EXHIBIT 43

20. Does Applicant or Registrant control directly or indirectly any partnership, corporation or any other organization engaged in the securities or investment advisory business? If "Yes," furnish name and address of such organization and describe the nature of control on Schedule E. Yes ☒ No ☐

21. Does Applicant or Registrant, or any person connected with Applicant or Registrant, have discretionary authority to make any of the following determinations without obtaining the consent of the investment advisory client before the transaction is effected:

(a) Where securities are to be bought or sold? Yes ☒ No ☐

(b) Which securities are to be bought or sold? Yes ☒ No ☐

(c) The total amount of the securities to be bought or sold? Yes ☒ No ☐

22. Does Applicant or Registrant, or any person connected with Applicant or Registrant, have authority to obtain custody or possession of:

(a) Securities of any investment advisory client? Yes ☐ No ☒

(b) Funds of any investment advisory client? Yes ☐ No ☒

23. Does Applicant or Registrant, or any person connected with Applicant or Registrant, have regularly or periodically custody or possession of:

(a) Securities of any investment advisory client? Yes ☐ No ☒

(b) Funds of any investment advisory client? Yes ☐ No ☒

REMINDER: Rule 206(4)-2 contains special provisions relating to investment advisers who have custody or possession of securities or funds of their advisory clients.

24. Does Applicant or Registrant:

(a) As principal, sell securities to or buy securities from any investment advisory client? Yes ☐ No ☒

(b) Effect securities transactions as broker or agent for any investment advisory client? Yes ☐ No ☒

(c) As broker or agent for any person other than an investment advisory client, sell securities to or buy securities from clients? Yes ☐ No ☒

(d) Recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which the applicant or registrant, directly or indirectly, has a position or interest? Yes ☐ No ☒

(e) Impose any restrictions upon itself or any person associated with it when effecting transactions for its or their account in securities recommended to clients? (If the answer to item 24(e) is "Yes," describe such restrictions on Schedule E). Yes ☒ No ☐

If any item on this page is amended, you must answer in full all other items on this page and file with a completed and executed page one.

No Schedule required by any item on this page need be filed with an amended item unless the Schedule itself is amended.

PLAINTIFF'S EXHIBIT 43

FORM LETTER FOR: INVESTMENT ACCOUNTS OF INDIVIDUALS

John P. Chase, Inc.
The Chase Building
535 Boylston Street
Boston, Massachusetts 02116

Gentlemen:

I hereby retain you as investment managers to analyze and supervise the subject account and to advise me concerning any changes in the investments which you may consider expedient with reference to the state of this account and to market conditions.

The account of which you are to assume supervision is shown on the attached list, and I agree to inform you of all future changes therein. It is understood that you assume no responsibility for action taken or omitted in good faith if negligence, willful or reckless misconduct, or violation of applicable law, including the feteral securities laws, is not involved.

For your services, I agree that you shall be entitled to the following compensation: At the end of each four month period of your services hereunder, and based on the then fair market value of the account, $1.667 per $1,000 up to and including $1,000,000; $1.333 per $1,000 on the next $1,000,000; $1.167 per $1,000 on the next $1,000,000 and $1.000 per $1,000 on the excess over $3,000,000. In any event, I agree to pay you not less than (*****) for each four month period of services rendered by you.

This arrangement, although mutually revocable at any time, is to continue in effect until written notice to the contrary is given by one of us, and no assignment of this contract can be made without my consent.

Very truly yours,

Accepted:

JOHN P. CHASE, INC.

(*******) DISCRETIONARY ACCOUNTS $833.33
(*******) NON-DISCRETIONARY ACCOUNTS $1,000.00

By:_____

PLAINTIFF'S EXHIBIT 44

FORM ADV

(Revised 9-1-68)
Page 1.

APPLICATION FOR REGISTRATION AS AN INVESTMENT ADVISER OR TO AMEND SUCH AN APPLICATION UNDER THE INVESTMENT ADVISERS ACT OF 1940

SECURITIES AND EXCHANGE COMMISSION • WASHINGTON, D.C. 20549

SEC USE
FILE NO. 801-
DOC. SEQ. NO.

(Read instruction sheet before preparing Form. Please print or type.)

1. (a) If this is an APPLICATION for registration, *check here*, ☒ and complete all items in full.
(b) If this is an AMENDMENT to an Application, *check here*, ☐ and specify below all parts which are amended.
Item(s) _____ of Page 1 of Form ADV Schedule A_____ Schedule B_____
Item(s) _____ of Page 2 of Form ADV
Item(s) _____ of Page 3 of Form ADV Schedule C_____ Schedule D_____ Schedule E_____

2. Full name of Applicant or Registrant: (If individual, state last, first, middle name)

JOHN P. CHASE, INC.

3. Name under which business is conducted, if different:

No different

4. If name of business is hereby amended, state previous name here:

N/A

5. Address of principal place of business: (Do not use P.O. Box Number)

THE CHASE BUILDING
535 BOYLSTON STREET (*No. and Street*) BOSTON (*City*) MASSACHUSETTS (*State*) 02116 (*ZIP Code*)

6. Mailing address, if different:

7. Is Applicant taking over all or substantially all of the assets and liabilities and continuing the business of a registered investment adviser?
If yes, state: (Please refer to Schedule E) Yes ☒ No ☐
(a) Date of succession: May 12, 1969
(b) Full name and IRS Empl. Ident. No. of predecessor: JOHN P. CHASE, INC., 04-1170370
(c) Address of predecessor: THE CHASE BUILDING
535 BOYLSTON STREET (*No. and Street*) BOSTON (*City*) MASSACHUSETTS (*State*) 02116 (*ZIP Code*)

8. Applicant or Registrant consents that notice of any proceeding before the Commission in connection with its application for or registration as an investment adviser may be given by sending notice by registered or certified mail or confirmed telegram to the person named below, at the address given.

SCHARNBERG (*Last name*) OLIVER (*First name*) H. (*Middle name*)
THE CHASE BUILDING, 535 BOYLSTON STRE (*No. and Street*)
BOSTON (*City*) MASSACHUSETTS (*State*) 02116 (*ZIP Code*)

9. EXECUTION: The Applicant or Registrant submitting this Form and its attachments and the person by whom it is executed represent hereby that all information contained therein is true, current and complete. It is understood that all required items and Schedules are considered integral parts of this form and that the submission of any amendment represents that all unamended items and Schedules remain true, current and complete as previously submitted.

Dated the 18th day of June, 19 69

JOHN P. CHASE, INC.
(*Name of Corporation, Partnership or other organization*)

(*Manual signature of Sole Proprietor, General Partner, Managing Agent or Principal Officer*)

PRESIDENT
(*Title*)

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 80b-17)

(All items on this page must be answered in full.)

DO NOT WRITE BELOW THIS LINE—FOR SEC USE

PL.F. EXH. 2

PLAINTIFF'S EXHIBIT 44

FORM ADV, page 2

SEC USE	
FILE NO. 801–	DOC. SEQ. NO.

10. Applicant or Registrant is: (*Check one box*)

☒ A corporation ☐ A partnership

☐ A sole proprietorship ☐ Other (specify below)

11. If Applicant or Registrant is a *sole proprietor*, state full residence address:

(*Number and Street*)

(*City*) (*State*) (*ZIP Code*)

12. If Applicant or Registrant is a *corporation*:

(a) State date and place of incorporation: Boston, Massachusetts March 7, 1969

(b) List below:

(*Classes of equity securities*)	(*Voting or Non-Voting*)
Capital stock $1 par value	voting

(c) Complete Schedule A

13. If Applicant or Registrant is a *partnership*, complete Schedule B.

REMINDER: If a registered partnership is dissolved and a new one is created to continue the business of the old one, the new partnership must file a new application for registration as an investment adviser.

14. If Applicant or Registrant is *other* than a sole proprietorship, partnership, or corporation:

(a) Describe here the type of organization or association:

(b) Complete Schedule C.

15. (a) Does any person not named in Items 2 and 12–14, inclusive, or any Schedule thereunder, directly or indirectly, through agreement or otherwise, exercise or have power to exercise a controlling influence over the management or policies of Applicant or Registrant? Yes ☐ No ☒

If "Yes," state on Schedule E the full name (last, first, middle) of each such person and describe the agreement or other basis through which such person exercises a controlling influence.

(b) Is the business of Applicant or Registrant wholly or partially financed, directly or indirectly, by any person not named in Items 12–14, inclusive, or any Schedule thereunder in any manner *other than by:* (1) a public offering of securities made pursuant to the Securities Act of 1933; (2) credit extended *in the ordinary course of business* by suppliers, banks or others; or (3) a satisfactory subordination agreement, as defined in Rule 15c3-1 under the Securities Exchange Act of 1934. Yes ☐ No ☒

If "Yes," state on Schedule E the full name (last, first, middle) of each such person and describe the agreement or arrangement through which such financing is made available, including amount thereof.

16. State whether the Applicant or Registrant, any person named in Items 12, 13, 14 and 15 or any Schedule thereunder, or any other person directly or indirectly controlling or controlled by the Applicant or Registrant, including any employee:

(a) Has been found by the Commission to have made or caused to be made in any application for registration or in any report filed with the Commission under the Investment Advisers Act of 1940, or in any proceeding before the Commission with respect to registration, any statement which was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, or to have omitted to state in any such application or report any material fact which was required to be stated therein. Yes ☐ No ☒

(b) Has been convicted within 10 years of any felony or misdemeanor (1) involving the purchase or sale of any security; (2) arising out of the conduct of the business of a broker, dealer, or investment adviser; (3) involving embezzlement, fraudulent conversion, or misappropriation of funds or securities; or (4) involving violation of Section 1341, 1342 or 1343 of Title 18 United States Code (mail fraud, fraud by wire [including telephone, telegraph, radio or television]). Yes ☐ No ☒

(c) Is permanently or temporarily enjoined by order, judgment or decree of any court from acting as an investment adviser, underwriter, broker or dealer, or as an affiliated person or employee of any investment company, bank, or insurance company, or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase or sale of any security. Yes ☐ No ☒

(d) Has been found by the Commission or any court to have violated or to have aided, abetted, counselled, commanded, induced or procured the violation by any other person of the Securities Act of 1933, or the Securities Exchange Act of 1934, or the Investment Advisers Act of 1940, or the Investment Company Act of 1940, or of any rule or regulation under any of such Acts, or to have failed reasonably to supervise another person who committed such a violation. Yes ☐ No ☒

(e) Has been the subject of an order of the Commission entered pursuant to paragraph (7) of Section 15(b) of the Securities Exchange Act of 1934, as amended, barring or suspending the right of such person to be associated with a broker or dealer. Yes ☐ No ☒

(f) Has been denied membership or registration with or suspended, revoked or expelled from membership or registration with the National Association of Securities Dealers, Inc., or any national securities exchange; or has been suspended or barred from being associated with any member of such association or any member of such exchange. Yes ☐ No ☒

(g) Has been found to have been a cause of the denial, suspension, revocation or expulsion of any person's membership or registration with the National Association of Securities Dealers, Inc. Yes ☐ No ☒

(h) Has been denied registration (license) with or suspended, revoked or expelled from registration (license) with any state, territory or the District of Columbia or any agency thereof as a broker-dealer, investment adviser, securities salesman or as a person associated with a person engaged in such business? Yes ☐ No ☒

(i) Has been the subject of any order, judgment, decree or other sanction of any foreign court, foreign exchange, or foreign governmental or regulatory agency arising out of any securities or investment advisory activities? Yes ☐ No ☒

(j) Has been within the past 10 years, the subject of any cease and desist, desist and refrain, prohibition or similar order which was issued by any state, territory or the District of Columbia arising out of the conduct of the business as a broker-dealer or investment adviser? Yes ☐ No ☒

If this is an amendment and the answer to any paragraph of this item is changed from "Yes" to "No," explain on a separate Schedule E.

PLAINTIFF'S EXHIBIT 44

Page 3

SEC USE	
FILE NO. 801-	DOC. SEQ. NO.

Complete a *separate* Schedule D for each natural person named in Items 2, 12, 13, 14 and 15 or any Schedules thereunder *and* for all other natural persons subject to any action reported under Item 16. If the "person" subject to any action reported under Item 16 is other than a natural person, complete parts I, II and VII of Schedule D.

18. Does Applicant or Registrant:

(a) Furnish "Investment supervisory services" defined as the giving of continuous advice to clients as to the investment of funds on the basis of individual needs of each client (distinguish from continuous advice of any nature which is not based on consideration of all relevant factors, e.g., the nature and amount of other assets, investments and insurance, and the nature and extent of the personal and family obligations of each client)? Yes ☒ No ☐

(b) Manage securities accounts for clients under circumstances not involving "Investment supervisory services"? Yes ☐ No ☒

(c) Furnish investment advice through consultations (not as part of (a) or (b) above)? Yes ☐ No ☒

(d) Issue periodic publications relating to securities on a subscription basis? Yes ☐ No ☒

(e) Prepare or issue special reports or analyses relating to securities, not included in any service described above? Yes ☐ No ☒

(f) Prepare or issue, not as part of any service described above, any charts, graphs, formulas or other devices which clients may use to evaluate securities? Yes ☐ No ☒

(g) Furnish investment advice in any manner not described above? Yes ☐ No ☒

If the answer to any of the preceding paragraphs is "Yes," furnish full details on Schedule E.

With respect to paragraphs (a), (b), (d), (e), (f) and (g) such details should include the name of each publication, special report and analysis issued, the basis of compensation and when such compensation is payable.

19. (a) Is Applicant or Registrant engaged in any business or profession other than acting as investment adviser with respect to securities? (If so, describe briefly on a Schedule E such other business or profession.) Yes ☐ No ☒

(b) Is the principal business of Applicant or Registrant that of an investment adviser? Yes ☒ No ☐

(c) Does a substantial part of Applicant's or Registrant's investment advisory business consist of rendering "Investment supervisory services" as defined in Item 18(a) above? Yes ☒ No ☐

20. Does Applicant or Registrant control directly or indirectly any partnership, corporation or any other organization engaged in the securities or investment advisory business? If "Yes," furnish name and address of such organization and describe the nature of control on Schedule E. Yes ☒ No ☐

21. Does Applicant or Registrant, or any person connected with Applicant or Registrant, have discretionary authority to make any of the following determinations without obtaining the consent of the investment advisory client before the transaction is effected:

(a) Where securities are to be bought or sold? Yes ☒ No ☐

(b) Which securities are to be bought or sold? Yes ☒ No ☐

(c) The total amount of the securities to be bought or sold? Yes ☒ No ☐

22. Does Applicant or Registrant, or any person connected with Applicant or Registrant, have authority to obtain custody or possession of:

(a) Securities of any investment advisory client? Yes ☐ No ☒

(b) Funds of any investment advisory client? Yes ☐ No ☒

23. Does Applicant or Registrant, or any person connected with Applicant or Registrant, have regularly or periodically custody or possession of:

(a) Securities of investment advisory client? Yes ☐ No ☒

(b) Funds of any investment advisory client? Yes ☐ No ☒

REMINDER: Rule 206(4)-2 contains special provisions relating to investment advisers who have custody or possession of securities or funds of their advisory clients.

24. Does Applicant or Registrant:

(a) As principal, sell securities to or buy securities from any investment advisory client? Yes ☐ No ☒

(b) Effect securities transactions as broker or agent for any investment advisory client? Yes ☐ No ☒

(c) As broker or agent for any person other than an investment advisory client, sell securities to or buy securities from clients? Yes ☐ No ☒

(d) Recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which the applicant or registrant, directly or indirectly, has a position or interest? Yes ☐ No ☒

(e) Impose any restrictions upon itself or any person associated with it when effecting transactions for its or their account in securities recommended to clients? (If the answer to item 24(e) is "yes," describe such restrictions on Schedule E). Yes ☒ No ☐

If any item on this page is amended, you must answer in full all other items on this page and file with a completed and executed page one.

No Schedule required by any item on this page need be filed with an amended item unless the Schedule itself is amended.

PLAINTIFF'S EXHIBIT 45

A 24A

(Mother's A/C)

Mrs. Alice S. E. Anderson

Place greater stress on capital appreciation in this account than in the Trust--but less than in the company account (A 24C).

"Some short term investments could be made.

Income could be "60% of that achieved in the Trust"

The Anderson ~~Engineering~~ Company is in Cambridge.

237 Bent Street

Telephone 864 - 7000

West Newton Address: Mrs Anderson

32 Pickwick Road 244-0101

West Newton, Mass.

02165

32 Gramercy Park No
New York, New York 10003

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of October 6, 1969

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Utilities			
$ 3,000	General Telephone & Electronics Corp. 4s, 3/15/90	75	$ 2,250.00	$ 120.00
	TOTAL UTILITIES		$ 2,250.00	$ 120.00
	Convertibles			
5,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	86	$ 4,300.00	250.00
	TOTAL CONVERTIBLES		$ 4,300.00	$ 250.00
	TOTAL BOND ACCOUNT		$ 6,550.00	$ 370.00
	PREFERRED STOCK ACCOUNT			
	Convertibles			
100 shs	Occidental Petroleum Corp. $3.60 Conv. Pfd.	78	$ 7,800.00	$ 360.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 7,800.00	$ 360.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries, Inc.	37	$ 3,700.00	$ 220.00
	TOTAL RAILROADS		$ 3,700.00	$ 220.00
	Industrials			
100 shs	Anaconda Co.	28	$ 2,800.00	$ 190.00
100 shs	Avnet, Inc.	13	1,300.00	40.00
200 shs	British Petroleum, Ltd.	16	3,200.00	92.00
100 shs	Canadian Superior Oil, Ltd.	28	2,800.00	-
100 shs	Cities Service Co.	50	5,000.00	200.00
100 shs	Foxboro Co.	31	3,100.00	60.00
150 shs	General Motors Corp.	72	10,800.00	645.00
100 shs	LVO Co.	8	800.00	-
	TOTAL INDUSTRIALS		$ 29,800.00	$ 1,227.00
	Finance & Insurance			
200 shs	First Mortgage Investors	19	$ 3,800.00	$ 224.00
100 shs	Gulf Life Holding Co.	32	3,200.00	38.00
	TOTAL FINANCE & INSURANCE		$ 7,000.00	$ 262.00
	TOTAL COMMON STOCK ACCOUNT		$ 40,500.00	$ 1,709.00
	TOTAL CASH ACCOUNT		$ 35,237.90	$ -
	GRAND TOTAL		$ 90,087.90	$ 2,439.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of February 6, 1970

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Utilities			
$ 3,000	General Telephone & Electronics Corp. 4s, 3/15/90	67	$ 2,010.00	$ 120.00
	TOTAL UTILITIES		$ 2,010.00	$ 120.00
	Convertibles			
5,000	Seaboard World Airlines, Conv. 5s, 4/1/86	56	$ 2,800.00	$ 250.00
5,000	First Mortgage Investors, Conv. 6 3/4s, 1/15/85	100	5,000.00	337.50
	TOTAL CONVERTIBLES		$ 7,800.00	$ 537.50
	TOTAL BOND ACCOUNT		$ 9,810.00	$ 707.50
	PREFERRED STOCK ACCOUNT			
	Convertibles			
50 shs	Atlantic Richfield Co. $2.80 Conv. Pfd.	47	$ 2,350.00	$ 140.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 2,350.00	$ 140.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries	35	$ 3,500.00	$ 220.00
	TOTAL RAILROADS		$ 3,500.00	$ 220.00
	Industrials			
50 shs	Brockway Glass Co.	72	$ 3,600.00	$ 50.00
150 shs	General Motors Corp.	66	9,900.00	645.00
100 shs	Occidental Petroleum (call)	-	405.00	-
	TOTAL INDUSTRIALS		$ 13,905.00	$ 695.00
	Finance			
200 shs	First Mortgage Investors	23	$ 4,600.00	$ 264.00
	TOTAL FINANCE		$ 4,600.00	$ 264.00
	TOTAL COMMON STOCK ACCOUNT		$ 22,005.00	$ 1,179.00
	LIQUID FUNDS			
	Short Term			
	Commercial Paper		$ 35,000.00	$ -
	TOTAL LIQUID FUNDS		$ 35,000.00	$ -

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of February 6, 1970

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	GRAND TOTAL		$ 69,165.00	$ 2,026.50
	TOTAL BOND ACCOUNT		$ 9,810.00	$ 707.50
	TOTAL PREFERRED STOCK ACCOUNT		2,350.00	140.00
	TOTAL COMMON STOCK ACCOUNT		22,005.00	1,179.00
	TOTAL LIQUID FUNDS		35,000.00	-
	GRAND TOTAL		$ 69,165.00	$ 2,026.50

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of June 5, 19 70

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$5,000	First Mortgage Investors, Conv. 6 3/4s, 1/15/85	89	$ 4,450.00	$ 337.50
3,000	General Telephone & Electronics Corp. Conv. 4s, 3/15/90	59	1,770.00	120.00
5,000	Seaboard World Airlines, Conv. 5s, 4/1/86	41	2,050.00	250.00
	TOTAL BOND ACCOUNT		$ 8,270.00	$ 707.50
	PREFERRED STOCK ACCOUNT			
	Convertibles			
50 shs	Atlantic Richfield Co. $2.80 Conv.	42	$ 2,100.00	$ 140.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 2,100.00	$ 140.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries	29	$ 2,900.00	$ 220.00
	TOTAL COMMON STOCK ACCOUNT		$ 2,900.00	$ 220.00
	LIQUID FUNDS			
	Short Term			
$ 35,000	Commercial Paper		$ 35,000.00	$ -
	TOTAL LIQUID FUNDS		$ 35,000.00	$ -
	GRAND TOTAL		$ 48,270.00	$ 1,067.50

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.

THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24A as of October 6, 19 70

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertible			
$ 5,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	47	$ 2,350.00	$ 250.00
	TOTAL BOND ACCOUNT		$ 2,350.00	$ 250.00
	PREFERRED STOCK ACCOUNT			
	Convertible			
50 shs	Atlantic Richfield Co. $2.80 Conv. Pfd.	47	$ 2,350.00	$ 140.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 2,350.00	$ 140.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries, Inc.	38	$ 3,800.00	$ 220.00
	TOTAL COMMON STOCK ACCOUNT		$ 3,800.00	$ 220.00
	TOTAL CASH & EQUIVALENT		$ 65,000.00	$ -
	GRAND TOTAL		$ 73,500.00	$ 610.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A-243 as of February 5, 1971

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertible			
$ 5,000	Seaboard World Airlines, Inc. Conv. 5s, 4/1/86	62	$ 3,100.00	$ 250.00
	TOTAL BOND ACCOUNT		$ 3,100.00	$ 250.00
	COMMON STOCK ACCOUNT			
	Railroad			
100 shs	Seaboard Coast Line Industries, Inc.	44	$ 4,400.00	$ 220.00
	TOTAL COMMON STOCK ACCOUNT		$ 4,400.00	$ 220.00
	TOTAL CASH & EQUIVALENT		$ 67,571.35	$ -
	GRAND TOTAL		$ 75,071.35	$ 470.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

A - 24C

The Anderson Company

This account can take the highest relative degree of risk of all three accounts.

"Varying forms of leverage have been used...and would be willing to make short sales and to close out some positions each year." (letter 10/5/66)

Boston Contact
Mr. Whipple at Peabody, Arnold.
places orders for Government

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 240 as of December 29, 19 67

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 9,000	American Airlines, Inc., Conv. Sub. Deb. 5 1/2s, 10/1/91	119	$ 10,710.00	$ 495.00
15,000	Berkey Photo, Inc., Conv. Sub. Deb. 5 3/4s, 9/1/86	169	25,350.00	862.50
15,000	Copperweld Steel Co., Conv. Sub. Deb. 5s, 12/1/79	94	14,100.00	750.00
10 000	Fruehauf Corp., Conv. Sub. Deb. 4s, 3/1/76	148	14,800.00	400.00
	TOTAL BOND ACCOUNT		$ 64,960.00	$ 2,507.50
	COMMON STOCK ACCOUNT			
	Industrials			
200 shs	Allis-Chalmers Mfg. Co.	36	$ 7,200.00	$ 200.00
200 shs	Anheuser-Busch, Inc.	83	16,600.00	240.00
300 shs	Milton Bradley Co.	59	17,700.00	300.00
560 shs	North American Rockwell Corp.	40	22,400.00	1,120.00
400 shs	Pinkerton's, Inc. "B" Non-Voting	58	23,200.00	160.00
800 shs	Railweight, Inc.	9	7,200.00	-
200 shs	Sperry Rand Corp.	64	12,800.00	80.00
584 shs	Twentieth Century-Fox Films	31	18,104.00	467.20
200 shs	Waukesha Motor Co.	56	11,200.00	400.00
	TOTAL INDUSTRIALS		$ 136,404.00	$ 2,967.20
	Finance			
1,000 shs	First Mortgage Investors	15	$ 15,000.00	$ 1,230.00
	TOTAL FINANCE		$ 15,000.00	$ 1,230.00
	TOTAL COMMON STOCK ACCOUNT		$ 151,404.00	$ 4,197.20
	GRAND TOTAL		$ 216,364.00	$ 6,704.70

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 24C as of October 4, 19 68

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 15,000	Copperweld Steel Co., Conv. 5s, 1979	105	$ 15,750.00	$ 750.00
	TOTAL BOND ACCOUNT		$ 15,750.00	$ 750.00
	PREFERRED STOCK ACCOUNT			
	Convertibles			
200 shs	Occidental Petroleum Corp. $3.60 Conv.	132	$ 26,400.00	$ 720.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 26,400.00	$ 720.00
	COMMON STOCK ACCOUNT			
	Industrials			
300 shs	Allis-Chalmers Mfg. Co.	28	$ 8,400.00	$ 150.00
200 shs	American Machine & Foundry Co.	25	5,000.00	180.00
300 shs	American Smelting & Refining Co.	68	20,400.00	900.00
400 shs	Cornelius Co.	22	8,800.00	48.00
200 shs	Ducommun, Inc.	23	4,600.00	200.00
300 shs	Ebasco Industries	59	17,700.00	600.00
200 shs	Foxboro Company	50	10,000.00	120.00
100 shs	Montgomery Ward & Co.	39	3,900.00	100.00
100 shs	National Casket Co.	44	4,400.00	10.00
200 shs	New Britain Machine Co.	57	11,400.00	320.00
400 shs	Parke, Davis & Co.	28	11,200.00	560.00
300 shs	Phelps Dodge Corp.	80	24,000.00	1,020.00
50 shs	Planet Oil	88	4,400.00	-
1,000 shs	Railweight, Inc.	8	8,000.00	-
200 shs	Swift & Co.	28	5,600.00	120.00
50 shs	Tampax, Inc.	182	9,100.00	130.00
200 shs	Westates Petroleum Co.	9	1,800.00	-
200 shs	Youngstown Sheet & Tube Co.	39	7,800.00	360.00
	TOTAL INDUSTRIALS		$ 166,500.00	$ 4,818.00
	Finance			
1,600 shs	First Mortgage Investors	24	$ 38,400.00	$ 1,328.00
	TOTAL FINANCE		$ 38,400.00	$ 1,328.00
	TOTAL COMMON STOCK ACCOUNT		$ 204,900.00	$ 6,146.00
	GRAND TOTAL		$ 247,050.00	$ 7,616.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.

THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. M - 24C as of February 6, 1970

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
6,000	First Mortgage Investors, Conv. 6 3/4s, 1/15/85	100	$ 6,000.00	$ 405.00
5,000	General Telephone & Electronics Corp. Conv. 4s, 3/15/90	67	3,350.00	200.00
3,000	Helmerich & Payne, Inc., Conv. 5s, 12/1/87	74	2,220.00	150.00
5,000	Philip Morris, Inc., Conv. 6s, 9/1/94	125	6,250.00	300.00
5,000	Purex Corp., Conv. Reg. 4 7/8s, 1/15/94	69	3,450.00	243.75
8,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	56	4,480.00	400.00
	TOTAL BOND ACCOUNT		$ 25,750.00	$ 1,698.75
	PREFERRED STOCK ACCOUNT			
	Convertibles			
100 shs	Atlantic Richfield Co. $2.80 Conv. Pfd.	47	$ 4,700.00	$ 280.00
150 shs	Occidental Petroleum Corp. $3.60 Conv. Pfd.	64	9,600.00	540.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 14,300.00	$ 820.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries	35	$ 3,500.00	$ 220.00
	TOTAL RAILROADS		$ 3,500.00	$ 220.00
	Utilities			
300 shs	Transcontinental Gas Pipe Line	17	$ 5,100.00	$ 300.00
	TOTAL UTILITIES		$ 5,100.00	$ 300.00
	Industrials			
200 shs	Anaconda Co.	28	$ 5,600.00	$ 380.00
200 shs	Avnet, Inc.	11	2,200.00	80.00
200 shs	Austral Oil Co., Inc.	27	5,400.00	-
400 shs	British Petroleum	12	4,800.00	184.00
100 shs	Brockway Glass Co.	72	7,200.00	100.00
200 shs	Canadian Superior Oil, Ltd.	32	6,400.00	-
200 shs	Consolidated Oil & Gas, Inc.	19	3,800.00	-
300 shs	Foxboro Co.	34	10,200.00	180.00
200 shs	LVO Corp.	8	1,600.00	-
100 shs	National Casket Co., Inc.	18	1,800.00	15.00
200 shs	Occidental Petroleum (calls)	-	835.00	-
200 shs	Pargas, Inc.	16	3,200.00	160.00
150 shs	Scope, Inc.	17	2,550.00	-
50 shs	Syntex Corp.	41	2,050.00	20.00
	TOTAL INDUSTRIALS		$ 57,635.00	$ 1,119.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 240 as of February 6, 19 70 Page 2

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	Finance			
500 shs	Mortgage Investment Group	18	$ 9,000.00	$
	TOTAL FINANCE		$ 9,000.00	$ 4
	TOTAL COMMON STOCK ACCOUNT		$ 75,235.00	$ 2,039.
	LIQUID FUNDS			
	Short Term			
$ 65,000	Commercial Paper		$ 65,000.00	$ -
	TOTAL LIQUID FUNDS		$ 65,000.00	$ -
	G R A N D T O T A L		$ 180,235.00	$ 4,557.75
	TOTAL BOND ACCOUNT		$ 25,750.00	$ 1,698.75
	TOTAL PREFERRED STOCK ACCOUNT		14,300.00	820.00
	TOTAL COMMON STOCK ACCOUNT		75,235.00	2,039.00
	TOTAL LIQUID FUNDS		65,000.00	-
	G R A N D T O T A L		$ 180,285.00	$ 57.75

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. - 24C as of June 5, 1970

Par of Bonds or Number of Shares	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 3,000	Buttes Oil & Gas Co., Conv. 5 1/2s, 11/1/88	59	$ 1,770.00	$ 165.00
6,000	First Mortgage Investors, Conv. 6 3/4s, 1/15/85	89	5,340.00	405.00
5,000	General Telephone & Electronics Corp. Conv. 4s, 3/15/90	59	2,950.00	200.00
3,000	Helmerich & Payne, Inc., Conv. 5s, 12/1/87	66	1,980.00	150.00
5,000	Purex Corp., Conv. Reg. 4 7/8s, 1/15/94	59	2,950.00	243.75
8,000	Seaboard World Airlines, Conv. 5s, 4/1/86	41	3,280.00	400.00
4,000	Zurn Industries, Conv. Reg. 5 3/4s, 11/1/94	73	2,920.00	230.00
	TOTAL BOND ACCOUNT		$ 21,190.00	$ 1,793.75
	PREFERRED STOCK ACCOUNT			
	Convertibles			
100 shs	Atlantic Richfield Co. $2.80 Conv. Pfd.	42	$ 4,200.00	$ 280.00
150 shs	Occidental Petroleum Co. $3.60 Conv. Pfd.	48	7,200.00	540.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 11,400.00	$ 820.00
	COMMON STOCK ACCOUNT			
	Railroads			
100 shs	Seaboard Coast Line Industries	29	$ 2,900.00	$ 220.00
	TOTAL RAILROADS		$ 2,900.00	$ 220.00
	Industrials			
2 shs	Alza Corp.	17	$ 34.00	$ -
200 shs	Anaconda Co.	25	5,000.00	380.00
100 shs	Austral Oil Co.	11	1,100.00	-
400 shs	British Petroleum, Ltd.	9 1/2	3,800.00	104.00
100 shs	Canadian Superior Oil, Ltd.	24	2,400.00	-
100 shs	Consolidated Oil & Gas, Inc.	9	900.00	-
300 shs	Foxboro Co.	25	7,500.00	180.00
200 shs	Pargas, Inc.	12	2,400.00	160.00
150 shs	Scope, Inc.	10	1,500.00	-
50 shs	Syntex Corp.	24	1,200.00	20.00
100 shs	Walco National Corp.	12	1,200.00	15.00
	TOTAL INDUSTRIALS		$ 27,034.00	$ 939.00
	Finance			
500 shs	Mortgage Investment Group	16	$ 8,000.00	$ 400.00
	TOTAL FINANCE		$ 8,000.00	$ 400.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. - 24C as of [illegible] 5, 19 70

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	TOTAL COMMON STOCK ACCOUNT		$ 37,934.00	$ 1,559.00
	LIQUID FUNDS			
	Short Term			
$ 75,000	Commercial Paper		$ 75,000.00	$ -
	TOTAL LIQUID FUNDS		$ 75,000.00	$ -
	G R A N D T O T A L		$ 145,524.00	$ 4,172.75
	TOTAL BOND ACCOUNT		$ 21,190.00	$ 1,793.75
	TOTAL PREFERRED STOCK ACCOUNT		11,400.00	820.00
	TOTAL COMMON STOCK ACCOUNT		37,934.00	1,559.00
	TOTAL LIQUID FUNDS		75,000.00	-
	G R A N D T O T A L		$ 145,524.00	$ 4,172.75
	SHORT ACCOUNT			
300 shs	Occidental Petroleum Co.	17		
50 shs	Occidental Petroleum Co. $3.60 Conv. Pfd.	50 3/4		

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

JOHN P. CHASE, INC.
THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A - 240 as of October 6, 19 70

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertible			
$ 8,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/86	47	$ 3,760.00	$ 400.00
	TOTAL BOND ACCOUNT		$ 3,760.00	$ 400.00
	PREFERRED STOCK ACCOUNT			
	Convertible			
150 shs	Occidental Petroleum Corp. $3.60 Conv. Pfd.	65	$ 9,750.00	$ 540.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 9,750.00	$ 540.00
	COMMON STOCK ACCOUNT			
	Industrials			
2 shs	Alza Corp.	23	$ 46.00	$ -
200 shs	Anaconda Co.	24	4,800.00	380.00
100 shs	Austral Oil Co., Inc.	23	2,300.00	-
300 shs	British Petroleum	11	3,300.00	138.00
100 shs	Canadian Superior Oil, Ltd.	38	3,800.00	-
100 shs	Consolidated Oil & Gas, Inc.	12	1,200.00	-
300 shs	Foxboro Co.	26	7,800.00	-
200 shs	Pargas, Inc.	15	3,000.00	160.00
150 shs	Scope, Inc.	11	1,650.00	-
50 shs	Syntex Corp.	36	1,800.00	20.00
100 shs	Walco National Corp.	14	1,400.00	15.00
	TOTAL COMMON STOCK ACCOUNT		$ 31,096.00	$ 713.00
	TOTAL CASH & EQUIVALENT		$ 185,000.00	$ -
	GRAND TOTAL		$ 229,606.00	$ 1,653.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

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JOHN P. CHASE, INC.

THE CHASE BUILDING
535 BOYLSTON STREET
BOSTON, MASS. 02116

The following appraisal shows the market value of the securities and cash holdings in

ACCOUNT NO. A-24 C as of February 5, 1971

PAR OF BONDS OR NUMBER OF SHARES	SECURITY	PRICE	MARKET VALUE	INCOME
	BOND ACCOUNT			
	Convertibles			
$ 8,000	Seaboard World Airlines, Inc., Conv. 5s, 4/1/88	62	$ 4,960.00	$ 400.00
	TOTAL BOND ACCOUNT		$ 4,960.00	$ 400.00
	PREFERRED STOCK ACCOUNT			
	Convertibles			
150 shs	Occidental Petroleum Corp. $3.60 Conv. Pfd.	63	$ 9,450.00	$ 540.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 9,450.00	$ 540.00
	COMMON STOCK ACCOUNT			
	Industrials			
2 shs	Alza Corp.	23	$ 46.00	$ -
200 shs	Anaconda Company	23	4,600.00	380.00
50 shs	Austral Oil Co., Inc.	18	900.00	-
200 shs	British Petroleum Limited	11	2,200.00	92.00
50 shs	Canadian Superior Oil Limited	39	1,950.00	-
100 shs	Consolidated Oil & Gas Inc.	11	1,100.00	--
300 shs	Foxboro Co.	33	9,900.00	-
200 shs	Pargas Inc.	18	3,600.00	160.00
100 shs	Scope Inc.	10	1,000.00	-
50 shs	Syntex Corp.	47	2,350.00	20.00
60 shs	Walco National Corp.	16	960.00	15.00
	TOTAL COMMON STOCK ACCOUNT		$ 28,606.00	$ 667.00
	TOTAL BOND ACCOUNT		$ 4,960.00	$ 400.00
	TOTAL PREFERRED STOCK ACCOUNT		$ 9,450.00	$ 540.00
	TOTAL COMMON STOCK ACCOUNT		$ 28,606.00	$ 667.00
	TOTAL CASH & EQUIVALENT		$ 189,344.33	$ -
	GRAND TOTAL		$ 232,360.33	$ 1,607.00

Unless we hear from you to the contrary, we shall assume that this list agrees with your records and meets with your approval.

PLAINTIFF'S EXHIBIT 45

Short Term
~~CASH BALANCE~~ Condessa Company

BALANCE	DATE 1971	SALES OR ADDITIONS	PURCHASES OR WITHDRAWALS	SHARES OR AMOUNT	REMARKS
	2/1	758.35		50shs	Waco Nat'l @ 15 1/2
	2/	142.44		10shs	Waco Nat'l @ 15 1/4

A-2116.

PLAINTIFF'S EXHIBIT 45 — CASH BALANCE — Anderson Co — #2

BALANCE	DATE	SALES OR ADDITIONS	PURCHASES OR WITHDRAWALS	SHARES OR AMOUNT	REMARKS
					Short Accts
	6/24	1698.4[illegible]		200shs	British Pet. @ 8 3/4
	6/24	907		98	Butler Bros + Del
	"	575.09		99	Consolidated Oil + Gas
	"	2099.14		198	Exxon @ 21 7/8
	"	8081.44		95	Gen Tel + Elec @ 22 3/8
	"	1193.69		95	Lehmerich + Payne @ 12
	"	6509.42		75shs	Merck @ 87 5/8
	"	1171.14		99shs	Pargas @ 12 1/8
	"	623.84		99 "	Seabd. World Air @ 6 1/2
	"	1085.77		50 "	Syntex @ 22 1/4
	"	1577.25		97 "	Sunbird @ 16 5/8
	6/29	1204.65		100	Pargas @ 12 1/8
	"	2415.59		75	da Xerox 2 for @ 46 1/4
	"	824.23		100	Britoil Pet @ 8 1/2
	7/23		9151.16	98shs	Butler Bros + Gen
	5/30	5002.05		200shs	Occidental Pet.
	7/24		4745.14	400shs	Occidental Pet
	8/19	1082.27		100shs	Pargas @ 10 7/8
	8/16	15252.88		100shs	Johnson + Johnson
	7/20	2471.80		50shs	Occidental Pet $3 Cv Pf
	7/24		2437.16	50shs	" " "
	8/4	4349.63		50shs	Cia Servicos @ 88 1/8
	8/13	3219.70		75shs	Johnson + Johnson
	8/25		597.86	99shs	Seaboard World Air
	8/27		2709.81	100shs	Seaboard Coastline Ind
	8/26	6630.32		398shs	Dorchester Co.
	9/22	2962.87		150shs	Occidental $3 Conv Pf
	9/28	2373.82		100shs	Dorchester @ 20 1/4
	10/4	2547.94		100shs	Dorchester @ 25
	10/4	2169.34		200shs	Syntex @ 22 3/8
	~~11/2~~	~~3441.51~~		~~150~~	
	11/16	5527.29		50shs	Cia Servicos @ 111 3/4
	11/16	5305.27		95shs	Johnson + Johnson 56 1/4
	11/16	5017.31		85shs	Edwards + Hdgs. @ 59 3/4
	11/18	5605.01		100shs	Occidental Pet $3 Cv Pf
	11/24		~~3995.11~~	~~155shs~~	~~Georgia Pacific @ 25 3/8~~

508a

ACCOUNT NO. 11-24C

PLAINTIFF'S EXHIBIT 45

Short Sales	5/28		3009.31	100shs	Atlantic Richfld c 49 7/8	
	5/15	2957.39		100shs	Atlantic Richfld c 50 1/8	
	5/21	3684.16		400shs	British Pet c 9 1/2 + 9 3/8	
13,130.29	5/28		3584	400shs	British Pet c 8 1/4	
	6/11	2560.38		100sh	Gen Tel & Elec	
	5/28		2508.81	"	" " "	
	5/15	1352.40		100shs	Helmerich & Payne	
	5/28		1279.25	"	" "	
	5/20	2039.92		200shs	Pangas	
13,292.93	5/28		2352.	200sh	Pangas	
	5/26	9427.48		300shs	Ryder Systems	
	5/28		10,549.14	300shs	Ryder Systems	
	5/15	3256.87		100shs	Seaboard Coast Line	
2,192.20	5/28		2935.94	"	" " " "	
	5/15	1313.56		50shs	Sunter c 26 7/8	
	5/28		1187.45	50shs	Sunter c 23 1/4	
	5/20	1175.52		100shs	Udico National	
12,641.45			1152.38	100shs	" "	

ACCOUNT NO. A24C

PLAINTIFF'S EXHIBIT 45

Olnd. /app'l — CASH BALANCE — Anderson Co.

BALANCE	DATE	SALES OR ADDITIONS	PURCHASES OR WITHDRAWALS	SHARES OR AMOUNT	REMARKS
12.641.45					brought forward
	5/6	2200.70		100shs	Zum Ind. c 27 1/2
	5/28		1736.00	100 "	Zum Ind c 17
	5/6	879.03		40 "	Zum Ind. c 22 3/8
13.285.33	5/18		699.85	40 "	Zum Ind c 17 1/8
	5/14	1401.65		100shs	Austral Oil
	5/28		1165.01	100 "	Austral Oil
	5/28		1812.13	100 "	Can. Sup. Oil c. 17 3/4
	5/15	2126.87		100 "	Can Sup. Oil c 21 3/4
16.441.73	5/27	2610.13		100 "	Carrier Corp
	5/28		2086.69	100 "	Carrier Corp
	5/28		3802.75	100 "	Cheesbrough Ponds
13.075.33	5/27	3518.04		100 "	" "
	5/28		2647	100 "	Dover
	5/27	2213.		100 "	Dover
	5/18		5059	100	Int'l Flavors & Frag
	5/27	4513.02		100	" " "
15.078.59	5/27	2983.24		100	Scovill Mfg.
	5/28		3187.19	100	Scovill Mfg
	5/28		1888.25	100	Square D Co c 18 1/2
	5/27	1758.71		100	Square D. Co c 18
	5/28	2546.50 →		100	Transleron c 25
11.564.31	5/27	←	2348.95	100	Transleron c 24
	5/27		12,885.75	300	Georgia Pacific c 45 1/2
10.230.25	5/26	11,551.69		300	Georgia Pacific
	5/8	8439.81 ✓		300	Foxboro
11.286.67	5/28		✓ 7383.39	300	Foxboro
	5/19	4896.89 ✓		200	Anaconda
	5/19		✓ 4977.50	200	Anaconda
	6/23	2411.14		100	Anaconda c 24 7/8
	6/23	2188.38 ✓		100	Foxboro. c 22 3/8
	6/22	2299.45		100	Canadian Pacific
	6/22	2709.63 ✓		100	Sealed Coastfin Ltd
	6/24	2235.37 ✓		100	Foxboro c 22 3/4
	6/24	2303.48		99	Anaconda c 23 3/4
	"	2930.09		60	Atlantic Cfld
	"	921.61		97	Austral Oil
	"	5647.80		75	Avon Prod. c 76 1/8

ACCOUNT NO. A-245

PLAINTIEF'S EXHIBIT 45 #7

CASH BALANCE The Anderson Co.

BALANCE	DATE 1970	SALES OR ADDITIONS	PURCHASES OR WITHDRAWALS	SHARES OR AMOUNT	REMARKS
188,959.54	11/16				Brought forward
189,344.33	11/17	384.99		40sh	Walco Nat'l c 10
		O.K. for appraisal 12/5/71			

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D-2116

PLAINTIFF'S EXHIBIT 45

0 balance for appraisal **CASH BALANCE** THE ANDERSON CO. # 6

BALANCE	DATE	SALES OR ADDITIONS	PURCHASES OR WITHDRAWALS	SHARES OR AMOUNT	REMARKS
0	2/6/70				BROUGHT FORWARD
	3/16	2106.95		200 shs	Avnet Inc. @ 10 3/4
8[illegible]4.32	"	6287.37		5M	Philip Morris 10/1/94
			10,412.50	10M	Cont'l Mtge. Inv. 6 1/4s 1990
	3/23	10,115.97		10M	Cont'l Mtge. Inv. 6 1/4s 1990
9155.26	4/21	1,057.47		200shs	LVO @ 5 1/2
	4/21		2,456.13	3M	Buttes Oil & Gas 5½ 1988
	4/22	5,688.75		300 shs	Transcont'l Gas Pipe Line
	4/28	1,290.84		100 shs	Austral Oil @13
	"	2,274.70		100	Candian Superior Oil
	"	970.73		100	Consolidated Oil & Gas
[illegible]5.[illegible]27	4/28	1,464.14		3M	Seaboard World Airlines 5 '86
	5/6		3,422.67	4M	Zurn Industries 5 3/4s 1994
12,021.27	5/6		~~1,533.75~~	~~3M~~	~~Seaboard World Airlines 5s 1986~~
	5/7			100 shs	Brockway Glass 2x1 stock split
0.			13,431.87		Less funds - appl pur
	6/24	3058.26		4M	Zurn Ind. 5¾ 11/1/94
	6/24	2331.06		4M	Gen Tel & Elec. 4S 3/15/90
	"	584.26		1M	Gen Tel & Elec 4S 3/15/90
5048.14	"	2978.56		5M	Purex 4 7/8 11/15/94
	6/29	5323.39		6M	Penn Mtge Inv. 6¾ 1985
	8/13	88.00	✓	Cash	added - per HI.
101,678.99	6/24	1807.46		3M	Buttes Gas + Oil 5½ 1988
	9/23	2152.87		$30M	Helmerich + Payne 5s 87
109,661.91	9/23	3120.05		100shs	Seaboard Coast Line Ind.
	10/6	4600		100shs	Atlantic Richfield $2.50 pfd
			(8000)	80shs	Mtg Inv Group Sec W/D
189,261.91		75000			Plus Funds Comm to per
~~185000~~		~~3738.66~~	~~4,261.91~~		~~Plus Funds Comm to Cole~~
190,342.13		1081.52		100shs	British Pet.
185,000	04	[illegible]	5242.13		[illegible]
	~~10/~~			[illegible]shs	~~Atlantic Richfield $2.50~~
	11/12	17,987		50shs	Canadian [illegible] 3⅜
	11/17	8463.1		50shs	Central Gulf C. 17⅛
188,[illegible].11	11/16	970.73		100shs	British Pet. @10
	11/2[illegible]			100shs	Consld. Oil & Gas
	11/16	254		100shs	Consld Oil & Gas
185,[illegible]54	11/16	422.18		50shs	Scope Inc @ 8¾

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ACCOUNT NO. A-[illegible]4C

PLAINTIFF'S EXHIBIT 45

#5

Reliance Ins. Co. Appraisal

CASH BALANCE THE Anderson Company

BALANCE	DATE	SALES OR ADDITIONS	PURCHASES OR WITHDRAWALS	SHARES OR AMOUNT	REMARKS
(7464.94)					balance carried
	11/13		75,000.	75M	CIT Financial 8¼s 11/24/69
	11/18		✓6275.	5M	Philip Morris 6s 9/1/94
	11/18		✓1803.06	2M	Seaboard World 5s 1986
(48,387.58)	11/18		✓2704.58	3M	Seaboard World 5/1986
	11/24	75,000		25M	CIT Fin. 8¼ 11/24/69 Mat
	10/30		(10,000)	100shs	Citizens Service Exchange
	10/30	(10,000)		100shs	Atlantic Richfield
	11/24		6645.66	100shs	Atlantic Richfld $2.50 conv
	11/24	9746.		100shs	Atlantic Richfld
(48,834.24)	12/2		3547.06	50shs	Syntex Corp c/ 70¼
	11/25		75,000.	75M	CIT Fin 12/2/69 8%
	12/2	75,000		75M	CIT Fin 12/2/69 8% Mat
24817.12	11/21	83,651.36			Sales [illegible] Disc.
	12/2		✓407.78	5M	Comm'l Fin. Cs 3/15/95
	12/3		✓2153.25	100shs	Corsicana Cl A c 3½
	12/9		✓2330.	100shs	Motor Inn c 23
	12/3		65,000	65M	CIT Fin 8¼ 3/1/[illegible]
	12/10	65,000		65M	CIT Fin 8¼ [illegible]
23935.59	12/10		✓2380.50	100shs	Hertz Inc. c 23½
	12/11		65,000	65M	CIT 8⅜ 12-17-69
	12/17	65,000.		65M	CIT 8⅜ 12-17-69 mat
	12/18		65,000	60M	CIT 8⅜ 12-23-69
	12/23	65,000		65M	CIT 8⅜ 12-23-69 mat
	12/24		65,000	65M	CIT 8¾ 1/5/70
1970	1/5	65,000	2/6/70	65M	CIT 8¾ 1/5/70 mat
23935.59	2/3		(Cc appl)		
17935.59	1/29		✓6000.00	6000	1st Mtge Inv. 6¾s 1985
	3/3		✓412.50	10M	Comm'l Mtge. 6¼s 1990
	2/6		(1720)	20M	Sea. World 5s 1986 - 5/W
	2/6		(8190) ✓	210shs	McCulloch Oil - 5/W HI
	2/6	4500 ✓		300shs	Motor Inn.
	1/1	1498.96 ✓		100shs	Nat'l Health Ents. c 15¼
	10/21	10,897.63 ✓		300shs	Gulf Life & Hldg. c 36¾
40,332.18	2/6	7500.		7500shs	First Mtge Inv. 5/W
	2/10	(55000)		65M	Sec. Acid. Comm 16 pct
0	2/6		40332.18		Loss funds appl'd pmt
			Cc appl'd		2/6/70

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ACCOUNT NO. A-2476

PLAINTIFF'S EXHIBIT 45

#4

Obalance for appraisal CASH BALANCE the Anderson Company

BALANCE	DATE 1969	SALES OR ADDITIONS	PURCHASES OR WITHDRAWALS	SHARES OR AMOUNT	REMARKS
72,806.95					brought forward
	8/5		25,000.	25M	Comm Credit 7⅞ 8/11/69
	8/11	25,000		25M	Comm Credit " "mat.
	8/11		75,000	75M	Comm Credit 7⅞ 8/19/69
	8/19	75,000.		75M	Comm. Credit " " mat
	8/22		2,861.25	3M	Helmerich + Payne 5s 1987
	8/22		75,000	75M	CIT Fin. 7s 8/26/69
69,945.70	8/22	75,000		75M	CIT 7s 8/26/69 mat
	9/3		75,000	75M	Gulf + West. 9/11/69
	9/11	75,000.		75M	Gulf + West 9/11/69 Mat
	9/12		75,000.	75M	Gulf + Western 5.10 9/15/69
	9/18	75,000		75M	Gulf + Western 5.10 9/15/69 Mat
	9/26		75,000	75M	Gulf + Western 5½ 10/1/69
	10/7	75,000		75M	" " 5½ 10/1/69 Mat
5,093.20	9/30	10,047.50		500shs	Tampax Inc @ 20⅛
76,720.51	9/14		3272.69	100shs	Crystal Oil @ 32⅜
0	10/16	to appl 9/16	76,720.51		Cover funds - appl 9/16
	10/8		75,000	75M	Gulf + West 5½ 11/15/69
	10/15	75,000		75M	Gulf + West 5½ 11/15/69 Mat
	10/23		75,000	75M	Gulf + West 5.45 10/29/69
	10/29	75,000		75M	Gulf + West 10/29/69 Mat
(4,687.66)	11/10		√4,687.66	5M	Penney Co 4 7/8s 11/15/94
	11/30		75,000	75M	Gulf + West 7¾ 11/15/69
	11/5	75,000			" " " 7¾ 11/15/69 Mat
	6/30		2,600	200shs	1st Mtge Inv. C. 13
	11/5		(2,600)	200 shs	1st Mtge Inv. C 13 Intc
	11/5	(2,250.)		200shs	1st Mtg. Inv C 8 11.25
	11/10		√98375	100shs	Crystal Oil 0.29½
	11/10		7571.53	400shs	Broadway Glass @ 75/4
	11/11		139575	100sh	Nat'l Health Ent C. 13¾
	11/7		√ 1,600	200shs	1st Mtge Inv. Intc
	11/7	(2,250)		200shs	1st Mtge Inv @ 11.25
	11/7		75,000	75M	CIT Fin 5s 11/15/69
	11/13	75,000		75M	" " 11/15/69 Mat
	11/12	2330 →		100shs	Pargas Inc. @23
	11/12	5775 →	Invoices	300sh	Trans Cont'l Pipe. @19¼
	11/12	2052.25 →		100shs	Mtge Inv. Group @20¼
(57,604.90)	11/12	8209. →		400shs	Mtge Inv Group. @20½

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FIGURES FROM DOUG ANDERSON (April 30, 1970)

CARRYOVER FROM

No. Shs. or Par	Security	PURCHASE Date	PURCHASE Cost	SALE Date	SALE Proceeds	NET TAXABLE Gain	NET TAXABLE Loss
	LONG TERM GAIN					117,000.00	
	LONG TERM LOSSES						14,900.00
	SHORT TERM GAIN					3,200.00	
	SHORT TERM LOSSES						7,100.00

PLAINTIFF'S EXHIBIT 45

1970 continued
A 24C

CARRYOVER FROM

No. S or Par	Security	PURCHASE Date	PURCHASE Cost	SALE Date	SALE Proceeds	NET TAXABLE Gain	NET TAXABLE Loss
	BROUGHT FORWARD					4,023.50	38,579.43
200 shs	Anaconda Company	5/28/70	4,977.50	5/19/70	4,896.89		80.16
$5,000	General Tel & Elctronics 4x 3/15/90	12/2/69	4,017.78	6/24/70	2,921.32		1,096.46
4,000	Zurn Industries 5 3/4s 11/1/94	5/6/70	3,422.67	"	3,058.26		364.41
5,000	Purex Corp. 4 7/8s 1/15/94	11/6/69	4,687.66	"	2,978.56		1,709.10
6,000	First Mtge. Inv. 6 3/4s 1/51/85	1/29/70	6,000.00	6/26/70	5,323.39		676.61
300 shs	Occidental Petroleum	7/24/70	4,745.14	5/20/70	5,002.05	256.91 (S)	
98 shs	Buttes Gas & oil	7/23/70	915.16	6/24/70	907.06		(S) 8.1
50 shs	Occidental Petrolem	7/23/70	2,437.16	5/20/70	2,471.80	34.69 (S)	
$3,000	Buttes Gas & Oil conv 5½ 1988	4/21/70	2,456.13	6/24/70	1,807.46	648.67	
100 shs	Seabaord Coast Line Industries	8/27/70	2,709.81	6/22/70	2,709.63		.18 S
298 shs	Foxboro Co.	8/26/70	6,630.32	6/23/70	6,513.84		117.48ST
$ 3,000	Helmerich & Payne 5s 1987	8/22/69	2,861.25	9/23/70	2,452.87		408.38
100 shs	Seaboard Coast Line Industries	11/14/68	5,018.88	9/23/70	3,120.05		1,898.83
100 shs	British Petroleum	1/22/69	2,154.75	10/9/70	1,081.52		1,073.23
100 shs	Atlantic Richfield $2.80 conv pfd.	11/24/69	6,645.00	10/6/70	4,600.00		2,045.00
100 shs	British Petroleum	1/22/69	2,154.75	11/12/70	970.73		1,184.02
50 shs	Canadain Superior Oil	2/3/69	1,661.94	"	1,719.87	57.93	
50 shs	Austral Oil Co.	9/19/69	1,552.86	"	846.31		706.55
50 shs	Scope Inc.	12/1/68	2,348.50	11/16/70	422.18		1926.32
40shs	Walco National Corp.	7/18/68	2,067.65	11/17/70	384.99		1,682.66

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PLAINTIFF'S EXHIBIT 45

No. Shs. or Par	Security	1970 A 24C	CARRYOVER FROM PURCHASE Date	PURCHASE Cost	SALE Date	SALE Proceeds	NET TAXABLE Gain	NET TAXABLE Loss
200 shs	Metro, Inc.		12/9/69	4,710.50	1/28/70	4,800.00	89.50	
400 wts	1st Mtge. Investors		7/25/69	4,225.00	2/9/70	5,200.00	975.00	
200 shs	Anvet Inc.		1/6/69	7,098.13	3/16/70	2,106.95		4,991.18
$5,000	Philip Morris conv 6s 1994		11/18/69	6,275.00	"	6,287.37	12.37	
5,000	Cont'l Mtge. Investors 6½s 1990		3/3/70	10,428.13	3/23/70	10,115.97		312.16
200 shs	LVO Corp.		5/29/69	2,564.26	4/21/70	1,057.47		1,506.79
300 shs	Transcontinental Gas Pipe Line		11/12/69	5,775.00	4/22/70	5,688.75		86.25
$3000	Seaboard World Airlines 5s 1986		1/24/69	3,236.70	4/28/70	1,464.14		1,772.56
100 shs	Consolidated Oil & Gas		6/20/69	2,725.90	"	970.73		1,755.25
100 shs	Canadian Superior Oil		7/30/69	3,323.00	"	2,274.70		1,048.30
100 shs	Austral Oil		9/19/69	3,105.72	"	1,290.84		1,814.88
~~100 shs~~	~~Foxboro~~		~~7/23/68~~	~~4,650.17~~	~~5/6/70~~	~~2,883.75~~		~~1,766.42~~
~~100 shs~~	~~Foxboro~~		~~7/23/68~~	~~4,650.18~~	~~5/8/70~~	~~2,933.50~~		~~1,716.68~~
SHORT SALES								
40 shs	Zurn Industries		5/29/70	699.85	5/6/70	879.03	179.18	
100 shs	Zurn Industries		5/28/70	1,736.00	"	2,200.76	464.70	
100 shs	Walco National 1		"	1,152.38	5/20/70	1,175.52	23.14	
50 shs	Syntex		"	1,187.45	5/15/70	1,313.56	126.11	
100 shs	Seaboard Coast Line Industries		"	2,935.94	"	3,256.87	320.93	
300 shs	Ryder Systems		"	10,549.14	5/26/70 1	9,427.48		1,121.66
200 shs	Pargas Inc.		"	2,352.00	5/20/70	2,039.92		312.08
100 shs	Helmerich & Payne		"	1,279.25	5/15/70	1,352.40	73.15	
100 shs	General Tel. & Electronics		"	2,508.81	5/1/70	2,560.38	51.57	
400 shs	British Pet.		"	3,584.00	5/21/70	3,684.16	100.16	
60 shs	Atlantic Richfield		"	3,009.31	5/15/70	2,957.39		51.92
100 shs	Austral Oil		"	1,165.07	5/14/70	1,401.65	236.58	
100 shs	Canadian Superior Oil		"	1,812.13	5/15/70	2,216.82	314.69	
100 shs	Trans Union Corp.		"	2,546.50	5/27/60	2,348.95		197.55
100 shs	Square D Co.		"	1,888.25	"	1,758.71		129.54
100 shs	Scovill Mgf.		"	3,187.19	"	2,983.24		203.95
100 shs	Int'l Flavors & Fragrances		"	5,059.00	"	4,513.02		545.98
100 shs	Fluor Corp.		"	2,647.00	"	2,213.00		443.00
100 shs	Chesebrough Ponds Inc.		"	3,802.75	"	3,518.04		284.71
100 shs	Carrier Corp.		"	3,086.69	"	2,610.13		476.56
300 shs	Georgia Pacific		"	12,885.75	5/26/70	11,551.69		1,334.06
300 shs	Foxboro		"	7,383.39	5/6/70	8,439.81	1,056.42	
				Net Co. 34,545.93			4029.60	38.519.93

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PLAINTIFF'S EXHIBIT 45

PLAINTIFF'S EXHIBIT 45

SHARES OR AMT.	PURCHASE DATES	ADJ. FED. COST	ADJ. STATE COST	ADJUST. DATE	AV. UNIT COST
200 shs		12465.38			62.3269

BALANCE SHARES OR AMT.	DATE	BOUGHT	SOLD	PRICE	PRINCIPAL CASH	ACCR'D INT. OR DIV.	COMMISSION	REMARKS
100 shs	12-19-68			60½	6,095.05		45.05	
[illegible]	~~12-20-68~~	~~100~~		~~63 7/8~~	~~6,432.89~~		~~45.39~~	
[illegible].5	12-27-68	100		61¼	6,170.13		45.13	
Divid	1/29/69		100	60½	5,999.82		45.05	5.13 misc.

SECURITY
Anaconda Co

ACCOUNT NO.
A 24C

PLAINTIFF'S EXHIBIT 45

DATE	SHARES OR AMT.	ACTION	AMT. OF ADJ.	FED. COST	STATE COST
		[illegible] AUC. 62.3269		[illegible]	
		[illegible] AUC. 62.3269		[illegible]	
		AUC. 62.3269		12.465.28	

PLAINTIFF'S EXHIBIT 45

SHARES OR AMT.	PURCHASE DATES	ADJ. FED. COST	ADJ. STATE COST	ADJUST. DATE	AV. UNIT COST
50 shs		155286			31.0572

BALANCE SHARES OR AMT.	DATE	BOUGHT	SOLD	PRICE	PRINCIPAL CASH	ACCR'D INT. OR DIV.	COM-MISSION	REMARKS
100 shs	9/19/69			32 3/8	$ 3272.69			
~~200 shs~~	11/10/69	100		29½	2938.75		33.75	
~~100 shs~~	~~4/15/70~~	~~CANCEL~~	~~13~~	~~1286.22~~			~~80.~~	~~13.78 MISC~~
100 shs	4/28/70		100 sh	13¼	1290.84		20.25	13.91 MISC
~~0 shs~~	~~7/17/70~~	~~MISC~~	~~11 3/8~~	~~1101.65~~			~~2.25~~	~~14.47 MISC~~
50 shs	11/12/70		50	17 3/8	846.31		13.69	8.76 MISC
					~~1941.87~~			

SECURITY

Austral Oil Co, Inc.

ACCOUNT NO.

A 24C

PLAINTIFF'S EXHIBIT 45

DATE	SHARES OR AMT	ACTION	AMT OF ADJ.	FED COST	STATE COST
	200	31.0572		6211.44	
	100 500			3105.72	
	100	"		3105.72	
	50			1552.86	
	50	31.0572		1552.86	

PLAINTIFF'S EXHIBIT 45

SHARES OR AMT.	PURCHASE DATES	ADJ. FED. COST	ADJ. STATE COST	ADJUST. DATE	AV. UNIT COST
200		430952			[illegible]76

BALANCE SHARES OR AMT.	DATE	BOUGHT	SOLD	PRICE	PRINCIPAL CASH	ACCR'D INT. OR DIV.	COM-MISSION	REMARKS
200 shs	1/22/69			20 7/8	$ 4233.76		55.76	$3. cert. fee
200	3/7/69	200		21 7/8	4385.26		57.26	$3 cert. fee
300	10/9/70		100	11 1/8	1081.32		18.13	
200	11/16/70		100	10	970.73		17.00	$11.77 misc

SECURITY

British Petroleum Limited

ACCOUNT NO.

A 24C

PLAINTIFF'S EXHIBIT 45

DATE	SHARES OR AMT.	ACTION	AMT. OF ADJ.	FED COST	STATE COST
	400	21 5475		[illegible] 42	
	100			2154.75	
	300	21.5475		6464.27	
	100			2154.75	
	200	21 5476		4309.52	

PLAINTIFF'S EXHIBIT 45

SHARES OR AMT.	PURCHASE DATES	ADJ. FED. COST	ADJ. STATE COST	ADJUST. DATE	AV. UNIT COST
5 [illegible]		1661.94			33.23

BALANCE SHARES OR AMT.	DATE	BOUGHT	SOLD	PRICE	PRINCIPAL CASH	ACCR'D INT. OR DIV.	COM-MISSION	REMARKS
100 shs	2/3/69			62	$6,245.20		45.20	
200 shs	2/4/69	100		61 1/2	6,195.15		45.15	
-	6/19/69		200	41 1/4	8,757.56		82.26	10.12 misc
200	7/11/69	200		40 1/4	8128.26		28.26	TD [illegible]
0	5/20/69		200	42 1/8	8334.20		8.12	10.12 misc to cover
200 shs	7/30/69	200		33 1/8	6645.88		20.88	[illegible]
100 shs	4/28/70		100	23 1/4	2274.70		20.25	20.05 misc
50 shs	11/12/70		50 shs	35 1/8	1719.87		22.56	$13.82 misc

SECURITY

Canadian Superior Oil Limited

ACCOUNT NO.

A 24C

PLAINTIFF'S EXHIBIT 45

DATE	SHARES OR AMT.	ACTION	AMT. OF ADJ.	FED COST	STATE COST
	200	alloc. 62.20		12,440.25	
	200	sold		8,757.56	
	0			3,682.69	
	[illegible]				
	100 sold	Lot 45.5		alloc 2	33.02
		3322.00			
	100	2223.56			33.23
	50	1661.94			
	50	1661.94			33.23

PLAINTIFF'S EXHIBIT 45

SHARES OR AMT.	PURCHASE DATES	ADJ. FED. COST	ADJ. STATE COST	ADJUST. DATE	AV. UNIT COST
100 Lo		2725.98			27.25.98

BALANCE SHARES OR AMT.	DATE	BOUGHT	SOLD	PRICE	PRINCIPAL CASH	ACCR'D INT. OR DIV.	COM-MISSION	REMARKS
100 shs	6/[illegible]/69			32 5/8	3,297.81		35.31	
200	12/3/69	100 Shs		21 1/4	2153.25		2825	
100 Shs	4/28/70		100 Shs	10	970.73		17.00	12.27 misc
[illegible]	11/2[illegible]	100 Lo						
[illegible]	11/[illegible]		[illegible] Lo		.25			

SECURITY

Consolidated Oil & Gas Incorporated

ACCOUNT NO.

A=24C

PLAINTIFF'S EXHIBIT 45

DATE	SHARES OR AMT	ACTION	AMT. OF ADJ.	FED COST	STATE COST
		Attc			
	200				
	100 sold	27.2598		5451.96	
				2725.98	
	100	27.2598		2725.98	

PLAINTIFF'S EXHIBIT 45

SHARES OR AMT.	PURCHASE DATES	ADJ. FED. COST	ADJ. STATE COST	ADJUST. DATE	AV. UNIT COST
					140.032

BALANCE SHARES OR AMT.	DATE	BOUGHT	SOLD	PRICE	PRINCIPAL CASH	ACCR'D INT. OR DIV.	COM-MISSION	REMARKS
100 shs	8/20/68			138⅓	$ 13,902.85		52.85	
200 shs	8/20/68	100		140½	$ 14,103.50		53.05	
150 shs	1/6/69		50	145¾	7240.56		44.29	265 misc

SECURITY

Occidental Petroleum $3.60 cv pfd.

ACCOUNT NO.

A 24C

PLAINTIFF'S EXHIBIT 45

DATE	SHARES OR AMT	ACTION	AMT OF ADJ.	FED COST	STATE COST

The present would seem to be one of these periods when many seriously conflicting trends make the management of money more than usually difficult.

The following eight categories of companies would seem to offer the greatest potential for gain as we witness the forces of inflation locked in a titanic struggle with the forces of monetary and fiscal restraint.

1. Technologically oriented companies with particular emphasis on labor saving products.
2. Raw material companies with assets primarily in North America.
3. Companies serving the building industry.
4. Companies serving the medical and educational needs of the people.
5. Financial and industrial free form management companies.
6. Leisure time industry companies and those companies benefiting from increasing discretionary income.
7. Transportation of people and goods and communications.
8. Service industries.

In the early part of last December when we built up greater liquidity I felt that either the market would break down to the 860–880 range or by May 1st the market would have had time to digest and discount internally the many elements of uncertainty. I still hold to this view. Psychological shocks may still produce acute but temporary periods of weakness, but the enormous amount of money earmarked for equities is likely to become impatient and take the risk of looking way across an economic valley that may be wider and even deeper than is currently envisaged. However, should optimism over an early de-escalation in Vietnam carry the market back to the optimistic levels following last Fall's change of Administration, I believe caution should again be exercised for the stringency of credit restraint being imposed by the Fed must not be ignored.

SHAREHOLDERS' TRUST *of* BOSTON

FOR CURRENT INCOME AND POSSIBLE GROWTH OF INCOME AND PRINCIPAL

THE CHASE FUND *of* BOSTON

SEEKING POSSIBLE CAPITAL APPRECIATION

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The Wall Street Transcript
May 26, 1969

JOHN P. CHASE TALKS TO THE NEW YORK SOCIETY OF SECURITY ANALYSTS

John P. Chase

The President of the Ford Foundation in his recent Annual Report focused attention on the poor investment results that most big foundations were realizing with their portfolio management policies. Performance has become the obsession of an increasingly large number of those responsible for the investment of big pools of capital.

People tend to refer to "speculative or aggressive" managements as contrasted with "conservative" managements without defining just what is meant by "conservative". To many it connotes putting your money in the savings bank, government bonds or in American Telephone & Telegraph, but if anybody had done this over the past five years, they would be worse off today because of the deterioration in the purchasing power of the dollar, and in the case of long-term bonds and American Telephone & Telegraph, the investor would actually have less dollars of principal as of today than five years ago. I have frequently been asked, "You're not very conservative are you Mr. Chase?" To which I reply, "that depends on what you mean by conservative." By my definition of being conservative I believe I am far more so than the investor who has put his money in the savings bank and seen its purchasing power erode year after year. I believe the job of the manager of money is to conserve the purchasing power of the money entrusted to his management as measured by what it will buy in terms of goods and services, and hopefully make the principal grow much faster than its purchasing power deteriorates.

PLAINTIFF'S EXHIBIT 65

530a

PLAINTIFF'S EXHIBIT 65

With this definition of being conservative as a criteria, I believe one must seek earnings growth of at least 15% per annum. Why 15%? First, because the cost of living is rising about 5% per annum. Second, because in my 40 years in this business, I believe there is a 5% unexpected negative that needs to be factored into one's calculations no matter how smart you may think you are or how clear your crystal ball. Third, you probably need about 5% to live on. Thus, these three fives, as I call them, add up to 15% and any less ambitious objective as an investment goal I feel is unacceptable.

All right, if we accept a 15% earnings growth as the minimum acceptable growth rate for the average earnings of your portfolio companies, where do you find such companies? In general you don't find them in the big basic corporations since the top 500 companies in the USA represent over 60% of sales and earnings of all corporations, and thus they tend to reflect in the aggregate pretty much the Gross National Product rate of growth which does well if it exceeds 5%. Furthermore, the big pools of capital are virtually forced to invest in these giant corporations in order to get a meaningful commitment without violating the legal limits for Mutual Funds of not over 10% in any one class of stock in any one company. If you have a $500,000,000 fund and have 100 securities in the portfolio (which incidentally I feel is at least twice too many) then you have to average a commitment of $5,000,000. If this must be less than 10% of the equity of a company, the company must have an equity base of at least $50,000,000. A few years ago a study was made and it was found that only about 20–25% of all the companies listed on the NYSE had an equity base of this amount. Thus, the big pools of capital have perforce been obliged to bid against each other for a rather limited number of stocks of large corporations. The result has been that these basic industry equities that represent the bulk of the fortunes in America tend to sell at premiums, from a price times earnings multiple standpoint, over and above what their earnings growth rate would seem to justify. Should the tax laws be changed so that unrealized capital gains are taxed at the time of death, many people might decide to sell these "overpriced" stocks rather than hold them for a new tax cost base at death. I would expect their times earnings multiples would shrink in such an event. Thus, in order to find companies with growth rates exceeding 15%, it becomes necessary for the most part to seek out investments in companies that are not among the corporate giants. It is far easier for a company with a better "mouse trap" to grow from sales of $10 million to $100 million, than it is for one to grow from $1 billion to $10 billion.

My first investment criteria, therefore, is that one should concentrate on stocks with a minimum growth rate of 15%. My second criteria is to limit one's purchases to stocks whose times earnings multiples do not exceed their estimated rate of earnings growth. If one sticks to this basic formula, it greatly reduces the risk factor that often results from chasing growth stocks or glamour stocks up to times earnings ratios that bear little relation to actual earnings prospects. This criteria also tends to provide a multiple play on top of the earnings growth of the specific company. Only by this combination of earnings growth and increased times earnings multiple can you expect to get really superior investment results.

The investment philosophy of our firm embraces placing great emphasis on longer term trend factors which I call "Trade Winds". If the roots of one's convictions are deeply imbedded in these longer term factors such as those listed below, which incidentally were set forth 13 years ago and which seem to be just as valid today, then you are far less likely to get blown off course by day to day news headlines, and you are more likely to arrive at your investment objective in a relatively short period of time.

Some of the so-called "trade winds" or long-term trend factors that constitute the fundamental components of our investment management concept are:

1. The purchasing power of the dollar.
2. Population growth and employment.
3. Public works — continuing demand for more schools, highways, water, sewerage and flood control.
4. Rolling industry adjustments instead of the old-fashioned overall economic cycle.
5. Power of organized labor.
6. The effects of the world revolution of the Have-Nots versus the Haves.
7. The demand for low cost raw materials and automation.
8. Increasing international trade — lower tariff barriers.
9. International currency problems.
10. Growth of power consumption.
11. The cold war — continuing heavy defense expenditures.
12. Development of mass purchasing power in Europe and the world in general.
13. A new industrial revolution resulting from electronics and nuclear energy.

There are two new developments that I feel qualify as Trade Winds:

14. Discovery of oil on the "North Slope" in Alaska with the resulting impact on long established trade channels and international diplomacy.
15. Full Employment Act becoming an engine of inflation as effective demand exceeds efficient plant capacity and availability of skilled labor.

The constant study of these social, political and economic trends or "Trade Winds" tends to give you a relatively clear picture of what the overall atmospheric conditions are likely to be and which industries are going to be able to prosper under those atmospheric conditions. Only after these favored industrial areas are identified does it serve to conduct in depth analysis of individual companies. Thus even when many clouds of uncertainty are coming over the horizon it may still be possible to make money in carefully selected stocks and at the same time remain more fully invested than might otherwise be deemed prudent from an interpretative analysis of the general "weather map".

531a

PLAINTIFF'S EXHIBIT 67

SCHEDULE D (Form 1040)
U.S. Treasury Department
Internal Revenue Service

Gains and Losses From Sales or Exchanges of Property

Attach this schedule to your income tax return, Form 1040

1966

Name and address as shown on page 1 of Form 1040
Alice S E Anderson 32 Pickwick Road West Newton Mass 02165

Part I—CAPITAL ASSETS—Short-term capital gains and losses—assets held not more than 6 months

a. Kind of property and how acquired (see instructions for symbols to indicate how acquired—for example, use "B" for stock acquired by exercise of stock option or by employee stock purchase plan)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain or loss (d plus e less f)
1 4th Cl Mut Realty 4½	7/19/65	4/12/66	5171.25		4943.56	227.69
100 shs Atchison Topeka Sant	3/10/66	8/26/66	2737.06		3888.25	(1151.19)
5th Federal Home Loan 5½	7/13/65	9/6/66	5000.00		4996.88	3.12
2 Enter your share of net short-term gain (or loss) from partnerships and fiduciaries						
3 Enter unused short-term capital loss carryover from preceding taxable years (attach statement)						
4 Net short-term gain (or loss) from lines 1, 2, and 3						(025.28)

LONG TERM

		Date acq.	Date sold	Gross Sale	Cost	Gain or Loss
66 shs	Am. Tel. & Tel. Co.	1928/30	1-17	4060.02	1858.75	2201.27
100 "	Am. Home Products Corp.	3/10/[illegible]	[illegible]	[illegible]	5269.20	3353.91
52 "	[illegible] Basic Electric Corp.	5/5/65	3-10	2209.82	2501.61	(291.79)
100 "	Bethlehem Steel Corp. Com.	3/21/63	4-26	3521.61	3096.81	424.80
$5000	Federal Home Loan 4½s	7/13/65	4-25	5000.-	5001.56	(1.56)
100 shs	Ingersoll Rand Com.	5/5/65	4-26	4653.40	4905.81	(252.41)
100 "	" " "	5/5/65	5-2	4616.09	4905.81	(289.72)
$5000	Puerto Rico Water [illegible]	Before 12/31/64	7-12	5000.-	4562.50	437.50
100 shs	Baltimore & Ohio R.R. Com.	9/20/65	8-26	3060.43	3775.19	(714.76)
150 "	Manufacturers Hanover Trust Co	2/18/66	9-22	6022.28	7753.70	(1731.42)
4000	Metropolitan Broadcasting	7/16/65	9-26	7544.84	9620.00	(2075.16)
20000	Federal Home Loan 5.40	2/18/66	12-5	1997.87	2000.25	(34.38)
200 shs	Arkansas Louisiana Gas Co Com.	11/25/66	12-8	7215.35	8630.76	(1415.41)
100 "	Atchison Topeka & Santa Fe Com.	12/26/66	12-8	2737.06	3888.25	(1151.19)
100 "	Dow Chemical Com.	2/17/66	12-8	2625.13	3712.38	(1087.25)
200 "	Jay Mfg. Com.	3/10/66	12-8	4877.14	2707.28	2169.86
31 "	Manufacturers Hanover Trust Co	7/19/66	12-9	1592.50	1579.83	13.67
4 "	Corporation Com.	10/1/62	12-16	121.29	0	121.29
21 "	Matheson "	2/8/65	12-30	39.61	0	39.61
		Stock div.		93251.08	93774.22	1636
		" "				

2 Total ordinary gain. Enter here and in Part IV, line 2, on reverse side . . . . . •

3 Total other gain. Enter here and in Part I, line 5; however, if the gains do not exceed the losses when this amount is combined with other gains and losses from section 1231 property enter the total of column j in Part III, line 1 . .

16—78360-3

PLAINTIFF'S EXHIBIT 67

SCHEDULE D (Form 1040)
U.S. Treasury Department
Internal Revenue Service

Gains and Losses From Sales or Exchanges of Property

Attach this schedule to your income tax return, Form 1040

1967

Name and address as shown on page 1 of Form 1040
Alice S.E. Anderson, 32 Pickwick Rd., West Newton, Mass. 02165

Part I—CAPITAL ASSETS—Short-term capital gains and losses—assets held not more than 6 months

a. Kind of property. Indicate security, real estate, or other (Specify)	b. Description (Examples: 100 sh. of "Z" Co., 2 story brick, etc.)	c. How acquired. Enter letter symbol (See instr.)	d. Date acquired (mo., day, yr.)	e. Date sold (mo., day, yr.)	f. Gross sales price	g. Depreciation allowed (or allowable) since acquisition	h. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	i. Gain or loss (f plus g less h)
150 shs	Arpex Corp.		12/9/66	2/28/67	4,562.87		3,559.63	1,003.24
10 M	Syntex Corp 7½		12/6/66	4/26/67	9,950.00		9,400.00	550.00
100 shs	Fed. Mtg. & Trading Corp.		3/10/67	4/27/67	4,950.00		4,843.00	107.00
40 shs	Transitron Electronics		7/11/67	9/25/67	2,295.04		2,559.65	(264.61)

2 Enter your share of net short-term gain (or loss) from partnerships and fiduciaries	
3 Enter unused short-term capital loss carryover from preceding taxable years (attach statement)	
4 Net short-term gain ~~(or loss)~~ from lines 1, 2, and 3	1,396.53

Long-term capital gains and losses—assets held more than 6 months (12 months or more for certain livestock)

5 Enter gain from Part II, line 3								
List	Attached							
								20,365.25

Total long-term gross sales price . . 4,365.06

6 Enter the full amount of your share of net long-term gain ~~(or loss)~~ from partnerships and fiduciaries	5,761.15
7 ~~Enter unused long-term capital loss carryover from preceding taxable years (attach statement)~~	
8 Capital gain dividends (see Form 1040 Instructions, page 6)	
9 Net long-term gain ~~(or loss)~~ from lines 5, 6, 7, and 8	26,126.40
10 Combine the amounts shown on lines 4 and 9, and enter the net gain ~~(or loss)~~ here	27,522.93
11 If line 10 shows a GAIN—Enter 50% of line 9 or 50% of line 10, whichever is smaller. (Enter zero if there is a loss or no entry on line 9.) (See reverse side for computation of alternative tax.)	13,063.20
12 Subtract line 11 from line 10. Enter here and in Part IV, line 1, on reverse side	14,459.73
13 If line 10 shows a LOSS—Enter here and in Part IV, line 1, the smallest of the following: (a) the amount on line 10; (b) the amount on page 1, line 11b, Form 1040, computed without regard to capital gains and losses; or (c) $1,000	

Part II—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—assets held more than 6 months (see instructions for definitions)

Where double headings appear, use the first heading for section 1245 and the second heading for section 1250.

D

a. Kind of property and how acquired (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1				

f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (e less sum of f-1 and f-2)	h. Total gain (d less g)	i. Ordinary gain (lesser of f-2 or h) —OR— (see instructions)	j. Other gain (h less i)
f-1. Prior to January 1, 1962 (1245) Prior to January 1, 1964	f-2. After December 31, 1961 (1250) After December 31, 1963				

2 Total ordinary gain. Enter here and in Part IV, line 2, on reverse side	
3 Total other gain. Enter here and in Part I, line 5; however, if the gains do not exceed the losses when this amount is combined with other gains and losses from section 1231 property enter the total of column j in Part III, line 1	

ALICE S. E. ANDERSON - 1967 LONG-TERM CAPITAL GAINS AND LOSSES

FEDERAL

Description	Date Acq.	Date Sold	Gross Sales Price	Cost	Gain or Loss
300 shs. Matheson Co.	3/9/66	3/10/67	10,873.00	6,863.75	4,009.25
5 M Fed. Home Loan 5.40	4/25/66	3/27/67	5,000.00	5,007.81	(7.81)
Cambridge Land	5/21/45	4/14/67	17,000.00	8,800.00	8,200.00
5 M U.S. Treasury Notes 5	6/2/65	4/25/67	5,079.69	5,004.69	75.00
28/100 sh. Manufacturers Hanover	prior to 10/31/64	5/23/67	13.23	0.00	13.23
14 shs. " "	prior to 10/31/64	6/7/67	607.45	0.00	607.45
4 shs. Rexall Drug	12/8/66	6/12/67	121.14	0.00	121.14
119 shs. Manufacturers Hanover Tr.	prior to 10/31/64	7/5/67	5,160.75	2,108.75	3,052.00
4 M Cenco Instru. 4 1/2	12/9/66	7/11/67	8,142.84	5,290.00	2,852.84
3 shs. Gold Ribbon Foods	prior to 1966	7/24/67	.11	0.00	.11
138 shs. Baltimore Gas & Elec.	prior to 1966	1967	4,112.17	1,771.50	2,340.67
714 shs. Railweight, Inc.	prior to 1966	1967	4,540.89	3,084.60	1,456.29
60 shs. Trans World Airlines	12/8/66	9/25/67	3,442.55	4,343.53	(900.98)
3 M Bausch & Lomb 4 3/4	12/9/66	10/31/67	6,873.32	6,277.50	595.82
125 shs. Meredith Pub. Co.	4/27/67	11/13/67	3,367.92	4,271.23	(903.31)
			74,335.06	52,823.36	21,511.70
Less Legal Expense Re: Sale of Land and Adjustment of Securities					1,146.45
					20,365.25
SHORT-TERM GAINS AND LOSSES					
150 shs. Ampex Corp.	12/9/66	2/28/67	4,502.87		
10 M Sheraton Corp. 7 1/2	12/9/66	4/26/67	9,950.00		
100 shs. Phil. and Reading Corp.	3/10/67	4/27/67	4,950.90		
40 shs. Trans World Airlines	7/11/67	9/25/67	2,295.04		
			79,093.87		

534a

PLAINTIFF'S EXHIBIT 67

PLAINTIFF'S EXHIBIT 67

SCHEDULE D (Form 1040)
U.S. Treasury Department
Internal Revenue Service

Gains and Losses From Sales or Exchanges of Property

Attach this schedule to your income tax return, Form 1040

1968

Name as shown on page 1 of Form 1040: Alice S.F. Anderson

Social Security Number: [illegible] 25 0276

Part I—CAPITAL ASSETS—Short-term capital gains and losses—assets held not more than 6 months

a. Kind of property. Indicate security, real estate, or other (Specify)	b. Description (Examples: 100 sh. of "Z" Co., 2 story brick, etc.)	c. How acquired. Enter letter symbol (See Instr.)	d. Date acquired (mo., day, yr.)	e. Date sold (mo., day, yr.)	f. Gross sales price	g. Depreciation allowed (or allowable) since acquisition	h. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	i. Gain or loss (f plus g less h)
1								
See attached schedule								(3,500.73)

2 Enter your share of net short-term ~~gain~~ (or loss) from partnerships and fiduciaries . . . . .
3 Enter unused short-term capital loss carryover from preceding taxable years (attach statement) . . . . .
4 Net short-term ~~gain~~ (or loss) from lines 1, 2, and 3 . . . . . (3,500.73)

Long-term capital gains and losses—assets held more than 6 months (12 months or more for certain livestock)

5 Enter gain from Part II, line 3 . . . . .

See attached schedule								22,655.14

Total long-term gross sales price . . 19715.91

6a Enter your share of net long-term gain (~~or loss~~) from partnerships and fiduciaries 10,237.91
6b Enter your share of net long-term gain from small business corporations (Subchapter S) . . . . .
7 Enter unused long-term capital loss carryover from preceding taxable years (attach statement) . . . . .
8 Capital gain dividends (see Form 1040 Instructions, page 5) . . . . .
9 Net long-term gain (~~or loss~~) from lines 5, 6a, 6b, 7, and 8 . . . . . 32,492.15
10 Combine the amounts shown on lines 4 and 9, and enter the net gain (~~or loss~~) here 28,991.42
11 If line 10 shows a GAIN—Enter 50% of line 9 or 50% of line 10, whichever is smaller. (Enter zero if there is a loss or no entry on line 9.) (See reverse side for computation of alternative tax.) 14,675.71
12 Subtract line 11 from line 10. Enter here and in Part IV, line 1, on reverse side 14,675.71
13 If line 10 shows a LOSS—Enter here and in Part IV, line 1, the smallest of the following: (a) the amount on line 10; (b) the amount on Form 1040, page 1, line 11b, computed without regard to capital gains or losses; or (c) $1,000 . . . .

Part II—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—assets held more than 6 months (see instructions for definitions)

Where double headings appear, use the first heading for section 1245 and the second heading for section 1250.

a. Kind of property and how acquired (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1				

f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (e less sum of f-1 and f-2)	h. Total gain (d less g)	i. Ordinary gain (lesser of i-2 or h) — OR — (see instructions)	j. Other gain (h less i)
f-1. Prior to January 1, 1962 — OR — Prior to January 1, 1954	f-2. After December 31, 1961 — OR — After December 31, 1963				

2 Total ordinary gain. Enter here and in Part IV, line 2, on reverse side . . . . .
3 Total other gain. Enter here and in Part I, line 5; however, if the gains do not exceed the losses when this amount is combined with other gains and losses from section 1231 property enter the total of column j in Part III, line 1 . .

PLAINTIFF'S EXHIBIT 67

Alice S.E. Anderson 1968

Short term Capital Gains and Losses

Description	How Acq.	Date Acquired	Date Sold	Gross Sales	Cost	Gain or Loss
Seaboard World Airlines 5 1986	A.	10/31/67	1/17/68	558738	595418	✓ (36680)
Helmerich & Payne Inc. 5 1987	A.	1/23/68	5/7/68	556488	644500	✓ (93012)
" Microwave Assoc. Inc.	A.	5-68	5/14/68	273706	279231	✓ (5525)
" Curtis Publishing Co.	A.	5-68	5/8/68	231031	282375	✓ (51344)
" Avnet Inc.	A.	5/9/68	5/24/68	550033	538184	11849
Occidental Petroleum Corp.	A.	8/20/68	8/20/68	615336	615223	✓ 113
" Swift & Co.	A.	5/16/68	10/15/68	294850	290838	4012
McCulloch Oil Corp.	A	10/25/68	11/18/68	362011	363700	(1689)
Cornelius Co.	A.	7/15/68	12/13/68	759500	897851	(138351)
Railweight Inc.	A.	9/4/68	12/13/68	151550	190776	✓ (39226)
				4433243	4782516	(350273)

536a

PLAINTIFF'S EXHIBIT 67

Alice S.E. Anderson 1968
Long-Term Capital Gains and Losses

Description	How Acq.	Date Acquired	Date Sold	Gross Sales	Cost	Gain or Loss
hs. Sherwin Williams Co	A	12/8/66	1/2/68	449071	418975	✓ 30096
" Penn N.Y. Central Transportation	A.	3/26/66	2/5/68	745571	579475	✓ 166096
" Servomation Corp.	A.	4/30/65	2/13/68	13929	-0-	✓ 13929
" Cluett Peabody & Co. Inc.	A	11/21/39	3/18/68	324819	73700	✓ 251119
" Milton Bradley Co.	A	8/24/67	3/26/68	647133	522435	✓ 122698
" 20th Century Fox Film Corp.	A.	3/13/67	3/[illegible]/68	781517	580500	✓ 201017
" Rexall Drug & Chemical Co.	A.	12/9/66	4/10/68	11729	-0-	✓ 11729
" North American Rockwell Corp.	A.	7/5/67	4/11/68	126412	139452	✓ (3040)
" North American Rockwell Corp.	A.	7/5/67	4/18/68	344597	348632	✓ (4035)
" General Dynamics Corp.	A.	1/23/64	5/7/68	537546	243100	✓ 294446
" Rexall Drug & Chemical Co.	A.	12/9/66	5/7/68	465570	376744	✓ 88826
Fruehauf Trailer Co. 4 1976	A.	7/11/67	5/7/68	720000	711632	✓ 8368
hs. Warner & Swasey Co.	A.	2/21/67	5/7/68	799097	526494	✓ 272603
" Ducommun Inc.	A.	2/9/68	8/16/68	226500	385500	✓ (157000)
" Bermec Corp.	A.	3/1/68	9/9/68	677403	217850	✓ 459553
" Servomation Corp.	A.	4/30/65	10/18-21/68	1080087	499987	✓ 580100
" Illinois Central Industries	A.	2/10/66	10/21/68	1339822	747143	✓ 592679
" Allis Chalmers Manufacturing	A.	4/18/67	10/24/68	296094	329781	✓ (33687)
" Allis Chalmers Manufacturing	A.	4/11/68	11/1/68	311018	303400	✓ 7618
20th Century Fox Film Corp. 5 3/4 1992	A.	3/14/68	11/18/68	952480	705000	✓ 247480
Copperweld Steel Co. 5 1979	A.	5/4/67	12/13/68	1532719	1720375	✓ (187656)
hs. Allis Chalmers Manufacturing	A.	4/18/68	12/13/68	921863	1096126	✓ (174263)
" Railweight Inc.	A.	9/14/65	12/13/68	608200	1134276	✓ (526076)
" Rexall Drug & Chemical Co.	A.	12/9/66	3/12/68	1612	-0-	1612
				13926391	11660877	2265514

PLAINTIFF'S EXHIBIT 67

538a

ALICE S. E. ANDERSON — 1969

SHORT TERM CAPITAL GAINS & LOSSES

			How Acq.	Date Acquired	Date Sold	Gross Sales	Cost	Gain or Loss
100	SHS	ASAMERA OIL CORPORATION	A	12/31/68	1/23/69	2562 94	2304 75	258 19
100	SHS	READING & BATES OFFSHORE DRILL	A	12/3/68	1/31/69	2227 82	2908 38	(680 56)
50	SHS	OCCIDENTAL PETROLEUM 3:65 CIFS	A	8/20/68	1/31/69	7009 54	6951 42	58 12
200	SHS	AMERICAN SMELTING & REF. CO	A	9/9/68	2/7/69	6719 08	6395 35	323 73
1500		READING & BATES OFF DRILL 5½% 1987	A	1/10/69	6/3/69	2994 94	2045 00	949 94
100	SHS	CANADIAN SUPERIOR OIL LTD	A	7/3/68	6/12/69	(3 short) 4378 72	4064 13	314 59
100	SHS	CANADIAN SUPERIOR OIL LTD	A	7/23/69	6/13/69	(3 short) 4167 35	3722 94	844 41
1000		READING & BATES OFF DRILL 5½% 1987	A	1/10/69	6/20/69	2289 95	2045 00	244 95
100	SHS	CANADIAN SUPERIOR OIL LTD	A *	7/14/69	12/16/69	2650 25	6195 45	(3545 20)
						35000 65	32222 12	(1231 47)

* AGING PERIOD RE-COMMENCED WHEN SHORTS WERE COVERED

PLAINTIFF'S EXHIBIT 67

ALICE S.F. ANDERSON 1969

LONG TERM CAPITAL GAINS & LOSSES

			How Acq	Date Acquired	Date Sold	Gross Sales	Cost	Gain or Loss
02	SHS	LITTON INDUSTRIES	A	3/29/68	1/3/69	625596	437190	188406
00	"	YOUNGSTOWN SHEET & TUBE Co	A	5/17/68	1/16/69	466484	393550	72934
00	"	PARKE DAVIS & COMPANY	A	5/24/68	1/30/69	291119	315963	(24844)
00	"	AMERICAN MACHINE & FOUNDRY Co.	A	6/17/68	1/31/69	260025	231738	28287
00	"	PHELPS DODGE CORP	A	8/13/68	2/14/69	93794 3	72712 3	21081 0
20	"	FIRST MTGE INVESTORS	A	1/17/68	2/26/69	1140200	509625	630375
—	.	HUNT FOODS & IND INC 4¾ 1987	A	6/16/68	3/4/69	47324 0	396750	76490
00	SHS	PARKE DAVIS & COMPANY	A	6/6/68	6/17/69	286144	329781	(43637)
00	"	GULF LIFE HOLDING Co	A	4/7/69	10/14/69	363279	246869	116410
00	"	CITIES SERVICE Co.	A	1/15/69	10/31/69	472500	787183	(314683)
00	"	200 HEAT EXCHANGE CHEMICAL EXCH. FOR OCCIDENTAL PETROLEUM PFD	A	3/14/68	11/13/69	77429	767600	7229
50	"	ATLANTIC RICHFIELD Co.	A	1/15/69	11/17/69	484352	472500	11852
00	"	LVO CORPORATION	A	5/29/69	12/18/69	78260	128213	(49953)
00	"	FOXBORO COMPANY	A	8/13/68	12/18/69	313530	451622	(138092)
00	"	BRITISH PETROLEUM LTD	A	3/7/69	12/18/69	235482	430951	(195469)
00	"	AVNET INC.	A	4/16/69	12/18/69	111553	367429	(255876)
00	"	ANACONDA Co.	A	12/19/68	12/18/69	273731	608254	(334523)
						7522273	7602647	(80374)

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PLAINTIFF'S EXHIBIT 67

SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service

Gain or Loss From Sales or Exchanges of Property

▶ See instructions on D–1 and D–2.
▶ If you use this schedule, attach it to Form 1040.

1969

Name as shown on Form 1040 — Social Security Number

ALICE [illegible] ANDERSON — [illegible]

Part I—CAPITAL ASSETS—Short-term capital gains and losses—assets held not more than 6 months

a. Kind of property. Indicate security, real estate, or other (Specify)	b. Description (Examples: 100 sh. of "Z" Co., 2 story brick, etc.)	c. How acquired. Enter letter symbol (See instr.)	d. Date acquired (mo., day, yr.)	e. Date sold (mo., day, yr.)	f. Gross sales price	g. Depreciation allowed (or allowable) since acquisition	h. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	i. Gain or (loss) (f plus g less h)
1								
SEE	ATTACHED	SCHEDULE						(1231.47)
2 Enter your share of net short-term gain (or loss) from partnerships and fiduciaries								1012.38
3 Enter unused short-term capital loss carryover from preceding taxable years (attach statement)								
4 Net short-term gain (or loss) from lines 1, 2, and 3								(219.09)

Long-term capital gains and losses—assets held more than 6 months (12 months or more for certain livestock)

5 Enter gain from Part II, line 3								
SEE	ATTACHED	SCHEDULE						(114.24)
Total long-term gross sales price								
6a Enter your share of net long-term gain (loss) from partnerships and fiduciaries								16169.15
6b Enter your share of net long-term gain from small business corporations (Subchapter S)								
7 Enter unused long-term capital loss carryover from preceding taxable years (attach statement)								
8 Capital gain dividends								
9 Net long-term gain (or loss) from lines 5, 6a, 6b, 7, and 8								16021.41
10 Combine the amounts shown on lines 4 and 9, and enter the net gain (or loss) here								15802.32
11 IF LINE 10 SHOWS A GAIN—Enter 50% of line 9 or 50% of line 10, whichever is smaller. (Enter zero if there is a loss or no entry on line 9.) (See reverse side for computation of alternative tax.)								7901.91
12 Subtract line 11 from line 10. Enter here and in Part IV, line 1, on reverse side								7900.41
13 IF LINE 10 SHOWS A LOSS—Enter here and in Part IV, line 1, the smallest of: (a) line 10; (b) line 3, Sch. T., (line 15c, Form 1040, if tax table used) computed without capital gains or losses; or (c) $1,000								

Part II—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—assets held more than 6 months (see instructions on D–1 for definitions)

Where double headings appear, use the first heading for section 1245 and the second heading for section 1250.

(5)

a. Kind of property and how acquired (If necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1				

f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (e less sum of f-1 and f-2)	h. Total gain (d less g)	i. Ordinary gain (Smaller of f-2 or h) OR (see instructions)	j. Other gain (h less i)
f-1. Prior to January 1, 1952 — Or Prior to January 1, 1964	f-2. After December 31, 1951 — After December 31, 1963				
2 Total ordinary gain. Enter here and in Part IV, line 2, on reverse side					
3 Total other gain. Enter here and in Part I, line 5; however, if the gains do not exceed the losses when this amount is combined with other gains and losses from section 1231 property enter the total of column j in Part III, line 1					

U.S. GOVERNMENT PRINTING OFFICE: 1969—O—342033-1

PLAINTIFF'S EXHIBIT 67

ALICE S. E. ANDERSON - 1970

LONG TERM CAPITAL GAINS & LOSSES

		DATE ACQUIRED	DATE SOLD	GROSS SALES	COST	GAIN OR LOSS.
200 shs	FIRST MORTGAGE INVESTORS	9/9/69	3/10/70	498050	360000	138050
# 3,000.	GENERAL TEL. + ELEC 4% 03-65 90	7/17/69	6/24/70	171995	243750	(71755)
# 30,000	ANDERSON ENG. CO. INC.	BEFORE 1969	7/31/70	2925000	3000000	(75000)
				3595045	3603750	(8705)

PLAINTIFF'S EXHIBIT 67

ALICE S F ANDERSON - 1970
SHORT TERM CAPITAL GAINS & LOSSES

		DATE ACQUIRED	DATE SOLD	GROSS SALES	COST	GAIN OR LOSS
100 SHS	METRO INCORPORATED	11-18-69	1-28-70	240000	212800	27200 ✓
5000	CONTINENTAL MTG. INV. 6¼ 2-15-90	2-24-70	3-16-70	502500	520000	(17500) ✓
60 SHS	GENERAL TELEPHONE & ELEC. CO.	5-28-70	SHORT SALE 5-11-70	152671	151478	1193 ✓
30 "	ATLANTIC RICHFIELD CO.	5-28-70	SHORT SALE 5-15-70	147272	151097	(3825) ✓
100 "	SEABOARD COAST LINE IND.	5-28-70	SHORT SALE 5-15-70	325717	293594	32118 ✓
100 "	RYDER SYSTEM INC.	5-28-70	SHORT SALE 5-26-70	313274	352638	(39364) ✓
100 "	GEORGIA PACIFIC CORP.	5-27-70	SHORT SALE 5-26-70	382923	430525	(47602) ✓
5000	FIRST MTGE INV. CONV 6¾ 2-15-85	1-28-70	6-29-70	427491	500000	(72509) ✓
50 SHS	MERCK & COMPANY INC.	8-24-70	SHORT SALE 6-24-70	432487	397663	34824 ✓
50 "	AVON PRODUCTS INC.	8-24-70	SHORT SALE 6-24-70	375776	348669	27107 ✓
98 "	SEABOARD WORLD AIRLINES, INC.	8-24-70	SHORT SALE 6-24-70	61759	59189	2570 ✓
100 "	SEABOARD COAST LINE IND.	8-27-70	SHORT SALE 6-22-70	270988	270931	07 ✓
100 "	BROCKWAY GLASS CO. COM.	11-25-69	5-15-70	222527	393650	(171113) ✓
40 "	ARA SERVICES, INC.	11-24-70	SHORT SALE 11-16-70	441376	448918	(7542) ✓
75 "	GEORGIA PACIFIC CORP.	11-24-70	SHORT SALE 11-16-70	385437	399861	(14424) ✓
				4681603	4931063	(249460)

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PLAINTIFF'S EXHIBIT 67

SCHEDULE D (Form 1040)

Department of the Treasury
Internal Revenue Service

Sales or Exchanges of Property

▶ Attach to Form 1040.

19[illegible]

Name(s) as shown on Form 1040: ALICE S.E. ANDERSON

Social Security Number: 030 22 0276

Part I Capital Assets—Short-term capital gains and losses—assets held not more than 6 months

a. Kind of property. Indicate security, real estate, or other (specify)	b. Description (Examples: 100 sh. of "Z" Co., 2 story brick, etc.)	c. How acquired. Enter letter symbol (see instr.)	d. Date acquired (mo., day, yr.)	e. Date sold (mo., day, yr.)	f. Gross sales price	g. Depreciation allowed (or allowable) since acquisition	h. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	i. Gain or (loss) (f plus g less h)
1								
						SEE SCHEDULE		(2494.60)
2 Enter your share of net short-term gain (~~or loss~~) from partnerships and fiduciaries								36.36
3 Enter net gain (or loss) from lines 1 and 2								(2458.24)
4 Enter unused short-term capital loss carryover from preceding taxable years (attach statement)								
5 Net short-term ~~gain~~ loss) from lines 3 and 4								(2458.24)
Long-term capital gains and losses—assets held more than 6 months								
6								
						SEE SCHEDULE		(27.45)
7 Capital gain distributions								
8 Enter gain from Part VII, line 47 or line 51(a), whichever applicable								9017.91
9 Enter your share of net long-term gain (~~or loss~~) from partnerships and fiduciaries								
10 Enter your share of net long-term gain from small business corporations (Subchapter S)								
11 Net gain (~~or loss~~) from lines 6 through 10								9162.91
12 Enter unused long-term capital loss carryover from preceding taxable years (attach statement)								
13 Net long-term gain (~~or loss~~) from lines 11 and 12								9162.91
14 Combine the amounts shown on lines 5 and 13, and enter the net gain (~~or loss~~) here								6722.67
15 If line 14 shows a gain—								
(a) Enter 50% of line 13 or 50% of line 14, whichever is smaller (see Part IV for computation of alternative tax). Enter zero if there is a loss or no entry on line 13								3361.12
(b) Subtract line 15(a) from line 14. Enter here and on line 17, Part II								3361.12
16 If line 14 shows a loss—								
(a) Add lines 4 and 12 (if lines 4 and 12 are blank, enter a zero here and on lines 16(b) and 16(c) and go to line 16(d))								
(b) Combine lines 3 and 11—if gain, enter gain; if loss, enter zero								
(c) Enter smallest of: (i) line 16(a) less line 16(b); (ii) line 48, Form 1040 (line 18, Form 1040 if tax table used) disregarding capital gains and/or losses—determine this figure via a side computation; or (iii) $1,000								
(d) Combine lines 3 and 11—If loss, enter loss; if gain, enter zero here and on line 16(e), and go to line 16(f)								
(e) Enter smallest of (i) line 48, Form 1040 (line 18, Form 1040 if tax table used) disregarding capital gains and/or losses, less line 16(c)—determine this figure via a side computation; (ii) $1,000 ($500 if married and filing separately); (iii) if line 3 is zero or shows a gain, 50% of line 16(d); (iv) if line 11 is zero or shows a gain, amount on line 16(d); or, (v) if lines 3 and 11 show losses, line 3 added to 50% of line 11								
(f) Enter here, and on line 17, Part II, the sum of lines 16(c) and 16(e)—(Do not enter an amount greater than $1,000)								

Part II Summary of Schedule D Gains and Losses

17 Net gain (~~or loss~~) from line 15(b) or 16(f), Part I	3361.12
18 Net gain (or loss) from line 22, Part III	
19 Total net gain (~~or loss~~), combine lines 17 and 18. Enter here and on line 36, Form 1040	3361.12

PLAINTIFF'S EXHIBIT 67

SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▷ Attach to Form 1040. ▷ Examples of property to be reported on this Schedule are gains and losses on stocks, bonds, and similar investments, and gains (but not losses) on personal assets such as a home or jewelry.

1971

Name(s) as shown on Form 1040: ALICE S. E. ANDERSON

Social security number: 030 28 0296

Part I Short-term Capital Gains and Losses—Assets Held Not More Than 6 Months

(D)

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. How acquired. Enter letter symbol (see instructions)	c. Mo., day, yr. (Put date sold above dotted line and date acquired below dotted line)	d. Gross sales price	e. Cost or other basis, as adjusted, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	f. Gain or (loss) (d less e)
1					

2	Enter your share of net short-term gain or (loss) from partnerships and fiduciaries	2	(6425 12)
3	Enter net gain or (loss), combine lines 1 and 2	3	(6425 12)
4(a)	Short-term capital loss component carryover from years beginning before 1970 (see Instruction H)	4(a)	
4(b)	Short-term capital loss carryover attributable to years beginning after 1969 (see Instruction H)	4(b)	
5	Net short-term gain or (loss), combine lines 3, 4(a) and 4(b)	5	(6425 12)

Part II Long-term Capital Gains and Losses—Assets Held More Than 6 Months

6					
50 SHS ATLANTIC RICHFIELD PFD	A	1-18-71 / 11-17-69	2571.35	3346.06	(774 71)
2M SEABOARD WORLD AIRLINES 6	A	2-23-71 / 1-24-68	1174.97	2515.00	(1340 03)

7	Capital gain distributions	7	
8	Enter gain if applicable from line 4(a)(1), Form 4797 (see Instruction A)	8	45055 87
9	Enter your share of net long-term gain or (loss) from partnerships and fiduciaries	9	
10	Enter your share of net long-term gain from small business corporations (Subchapter S)	10	
11	Net gain or (loss), combine lines 6 through 10	11	42941 08
12(a)	Long-term capital loss component carryover from years beginning before 1970 (see Instruction H)	12(a)	
12(b)	Long-term capital loss carryover attributable to years beginning after 1969 (see Instruction H)	12(b)	
13	Net long term gain or (loss), combine lines 11, 12(a) and 12(b)	13	42941 08

Part III Summary of Parts I and II

14	Combine the amounts shown on lines 5 and 13, and enter the net gain (loss) here	14	36515 96
15	If line 14 shows a gain—		
	(a) Enter 50% of line 13 or 50% of line 14, whichever is smaller (see Part VI for computation of alternative tax). Enter zero if there is a loss or no entry on line 13	15(a)	18257 99
	(b) Subtract line 15(a) from line 14. Enter here and on line 35, Form 1040	15(b)	18257 97
16	If line 14 shows a loss—See Instruction I.		
	▷ Omit lines 16(a) and 16(b) and go to Part IV if losses are shown on lines 12(a) and 13.		
	▷ Otherwise,		
	(a) Enter one of the following amounts: (i) If amount on line 5 is zero or a net gain, enter 50% of amount on line 14; (ii) If amount on line 13 is zero or a net gain, enter amount on line 14; or, (iii) If amounts on line 5 and line 13 are net losses, enter amount on line 5 added to 50% of amount on line 13	16(a)	
	(b) Enter here and on line 35, Form 1040, the smaller of: (i) The amount on line 16(a); (ii) $1,000 ($500 if married and filing a separate return—if losses are shown on lines 4(a) and 5, see Instruction K for a higher limit not to exceed $1,000); or, (iii) Taxable income, as adjusted (see instruction J)	16(b)	

PLAINTIFF'S EXHIBIT 68

SCHEDULE D (Form 1065)

U.S. Treasury Department—Internal Revenue Service

GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY

Attach this schedule to your U.S. Partnership Return of Income, Form 1065

1966

Name and address of partnership THE ANDERSON COMPANY
225 BENT ST. CAMBRIDGE MASS.

PART I.—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—Assets Held More Than 6 Months—Where double headings appear, use the first heading for section 1245 and the second heading for section 1250.

a. Kind of property (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1				

f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (e less sum of f-1 and f-2)	h. Total Gain (d less g)	i. Ordinary Gain (lesser of f-2 or h) — OR — (See instructions)	j. Other Gain (h less i)
f-1. Prior to January 1, 1962 — OR — Prior to January 1, 1964	f-2. After December 31, 1961 — OR — After December 31, 1963				

2 Total ordinary gain. Enter here and on line 14 and identify as gain from Part I .....

3 Total other gain. Enter here and on line 4 and identify as gain from Part I .....

PART II.—SALE OR EXCHANGE OF PROPERTY UNDER SECTION 1231

a. Kind of property (if necessary, attach statement of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain or loss (d plus e less f)
4						

5 Enter the full amount of your share of gain (loss) of section 1231 items from other partnerships and from fiduciaries ....

6 Net gain (loss) from lines 4 and 5. Enter here and in column 10, Schedule K of Form 1065 .....

PART III.—CAPITAL ASSETS

Short-Term Capital Gains and Losses—Assets Held Not More Than 6 Months

7 Schedule						

8 Enter your share of net short-term gain (loss) from other partnerships and from fiduciaries .....

9 Net short-term gain (loss) from lines 7 and 8. Enter here and in column 8, Schedule K of Form 1065 25736

Long-Term Capital Gains and Losses—Assets Held More Than 6 Months

10 Schedule						

11 Enter the full amount of your share of net long-term gain (loss) from other partnerships and from fiduciaries .....

12 Capital gain dividends .....

13 Net long-term gain (loss) from lines 10, 11, and 12. Enter here and in column 9, Schedule K of Form 1065 ..... 576.15

PART IV.—PROPERTY OTHER THAN CAPITAL ASSETS

14						

15 Enter your share of non-capital gain (loss) from other partnerships and from fiduciaries .....

16 Net gain (loss) [illegible] Enter here and on page 1, line 10, Form 1065 .....

Schedule D - Part III Line 9

Short Term Capital Gains and Losses

Shares or Bonds(M)		Date Acquired	Date Sold	Gross Sales	Cost	Gain	Loss
5 M	Berkey Photo	12-2-66	1-28-67	66,858.00	51,720.50		
100	Crescent Corp.	2 66	6-29-66	23,155.00	22,026.50		
15 M	Federal Home Loan Banks	9 66	11 66	14,958.75	14,857.50		
50	K L M.	12-30-66	4-28-67	57,205.00	57,555.75		350.75
15 M	Rexall Drug & Chemical	12 66	4 67	44,850.53	39,755.19	5,095.34	
200	Sperry Rand	4-24-66	7-28-66	21,744.45	22,360.00		615.55
4 M	Cerro - 5½ 1979	1-24-66	5-6-66	7,659.85	7,858.52		198.67
				43,330.99	42,168.56	1,162.43	
	Machinery and Furniture & Fixtures	Various	6-30-66	(see Sch. D)		1,357.65	
	Total Short Term Gains.					2,520.08	
	Schedule D - Part III Line 10						
	Shares or Bonds(M)						
100	Atlas Cons Met. & Dev.	1-19-66	2-27-67	3,769.30	1,761.85	2,007.45	
10 M	B & J Corp.	9-30-66	1 67	2,662.52	4,037.00		1,374.48
800	Canadian Export Gas	2 66	12 66	8,154.50	7,855.64	298.86	
10 M	Cerro 5½ 1979	11 65	8 66	10,057.66	10,762.50		704.84
20 M	Chicago & No. Western	3/66 etc	4-28-67	29,451.48	31,391.25		1,939.77
200	New Mex. & Ariz Land.	1965-66	12 66	36,405	34,666.00	1,738.27	
100	Sperry Rand	8-2-66	4-28-67	3,122.64	2,722.05	400.59	
2000	Spooner Mines	4 66	4-25-67	1,780 -	2,259.70		479.70
4 M	Air Reduction	1 66	12 66	36,599.24	37,111.52		512.28
				131,982.09	124,657.59	7,324.50	1,999.99
	Machinery and Furniture & Fixtures	Various	6-30-66	(see Sch. D)		11,224.30	
1100	Anderson Engineering Co Inc.	12-15-65	6-30-66	(500 sh. 7-1 split = 2,200 sh.)		5,634.47	
"	" " "	"	"	(" " " = 2,300 sh.)		10,670.00	
	Total Long Term Gains					16,304.47	
						27,528.77	

PLAINTIFF'S EXHIBIT 68

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Schedule D - Part III

Line 9 - Short Term Capital Gains and Losses - Held less than 6 months.

	Shares or Bonds(M)		Date Acquired	Date Sold	Gross Sales	Cost	Gain or Loss
1	100	Amerada Petr	6-14-67	7-7-67	$79286	68438	(9952)
2	150	Rexall Drug	4-28-67	7-7-67	551244	446594	104650
3	200	Giddings & Lewis	5-12-67	10-30-67	1308857	1179966	12891
4	100	Fluor Corp. com.	5-15-67	11-13-67	501323	524120	(2297)
5	300	Ludlow Corp. com.	6-1-67	11-13-67	1413133	1892600	20533
6	200	Sperry Rand	6-6-67	11-13-67	1021648	636950	384698
7	100	Wan Kesha Motors Co.	8-17-67	11-13-67	500184	598194	(4810)
8	800	Braniff Airlines	7-7-67	11-14-67	1552199	1745334	(193235)
9	100	Medtronics	11-1-67	11-24-67	455100	363700	91600
10	200	Hooker Chemical	3-14-68 3-21-68	4-30-68	878254	767600	110654
11	$12000.	Twenty-fourth Cent. Fox 5 3/4%	3-12-68	4-30-68	1622167	1410000	212967
12							741599
13		Line 10 - Long Term Capital Gains and Losses. - Held more than 6 months.					
14	50	KLM	4-28-67	11-1-67	376142	531728	(15586)
15	100	Amerada Petr	5-12-67	11-13-67	744135	916061	(171926)
16	200	Fluor Corp.	5-8 5-10-67	11-13-67	1002148	1052574	(49426)
17	100	Penna R.R.	5-4-67	11-13-67	533800	578224	(44424)
18	350	Sperry Rand	4-28-67 6-6-67	11-13-67 4-30-68	1571431	956481	614750
19	400	Meredith Publications	5-12-67	11-13-67	1074925	1397012	(322087)
20	200	Anheuser Busch	5-12-67	2-20-68	1719470	1404196	315274
21	400	Pinkertons	7-7-67	2-20-68	2340410	1535215	804825
22	200	Wan Kesha Motors Co.	8-11-67	2-27-68	1299863	1078865	220998
23	584	Twentieth Cent. Fox - Rts		12-5-67	13252	—	13252
24	$9000	" " 4 4½ 1990	4-28-67	3-12-68	1452173	1439196	12977
25	300	Milton Bradley Co.	8-30-67	3-12-68	1737511	1529447	208064
26	760	No. Amer. Rockwell	7-25-67	4-19-25-68	1945274	1949764	(4490)
27							1447401
28							
29							
30							

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PLAINTIFF'S EXHIBIT 68

PLAINTIFF'S EXHIBIT 68

SCHEDULE D (Form 1065)
U.S. Treasury Department
Internal Revenue Service

Gains and Losses From Sales or Exchanges of Property

Attach this schedule to your U.S. Partnership Return of Income, Form 1065

1968

Name of partnership: The Anderson Co.

Employer identification No.: 04-2143620

Part I.—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—Assets Held More Than 6 Months—Where double headings appear, use the first heading for section 1245 and the second heading for section 1250

a. Kind of property (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1				

f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (e less sum of f-1 and f-2)	h. Total Gain (d less g)	i. Ordinary Gain (lesser of f-2 or h) — OR — (see instructions)	j. Other Gain (h less i)
f-1. Prior to January 1, 1962 — OR — Prior to January 1, 1964	f-2. After December 31, 1961 — OR — After December 31, 1963				
2 Total ordinary gain. Enter here and on line 14 and identify as gain from Part I					
3 Total other gain. Enter here and on line 4 and identify as gain from Part I					

Part II.—SALE OR EXCHANGE OF PROPERTY UNDER SECTION 1231

a. Kind of property (if necessary, attach statement of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain (loss) (d plus e less f)
4						
5 Enter your share of gain (loss) of section 1231 items from other partnerships and from fiduciaries						
6 Net gain (loss) from lines 4 and 5. Enter here and in column 10, Schedule K of Form 1065						

Part III.—CAPITAL ASSETS—Short-Term Capital Gains and Losses—Assets Held Not More Than 6 Months

7 Schedule			182004.01		179978.94	2024.76
8 Enter your share of net short-term gain (loss) from other partnerships and from fiduciaries						
9 Net short-term gain (loss) from lines 7 and 8. Enter here and in column 8, Schedule K of Form 1065						2024.76

Long-Term Capital Gains and Losses—Assets Held More Than 6 Months

10 Schedule			1830788		1567249.7	26338.31
11 Enter your share of net long-term gain (loss) from other partnerships and from fiduciaries						
12 Capital gain dividends						
13 Net long-term gain (loss) from lines 10, 11, and 12. Enter here and in column 9, Schedule K of Form 1065						26338.31

Part IV.—PROPERTY OTHER THAN CAPITAL ASSETS

14						
15 Enter your share of gain (loss) on property other than capital assets from other partnerships and from fiduciaries						
16 Net gain (loss) from lines 14 and 15. Enter here and on page 1, line 10, Form 1065						

The ANDERSON Co. - Schedule D - PART III - Line 7

Short-Term Capital Gains and Losses - Assets Held Not More Than 6 MONTHS

(A) Shares or Bonds (M)		Date Acquired	Date Sold	Gross Sales Price	(B) Cost	Gain or (Loss)	(C)	(D)	(E)
300	American Smelt. & Ref	(3-7-69)	9-9-68	201525*	199229	2296			
200	Hooker Chemical	3-14-68	5-2-68	427993	759550	170443			
300	Berman Leasing	2-29-68	5-14-68	770127	706575	63552			
204	City Investing	2-29-68	5-16-68	1155111	1069965	85146			
200	Microwave	5-23-68	5-20-68	562337	561576	761			
200	Montgomery Ward	4-19-68	6-3-68	619549	594238	25311			
100	Chrysler	4-11-68	5-28-68	648852	634530	14322			
100	Avnet Inc.	5-2-68	6-3-68	556033	538184	11849			
312	Poloron Products	3-11-68	5-21-68	768127	674638	93489			
50	Berman Leasing	7-15-68	8-13-68	359973	354706	5267			
200	Swift	5-23-68	10-22-68	590914	581676	9238			
100	Montgomery Ward	6-7-68	10-25-68	431160	320988	110672			
100	Alden Self Transit	10-11-68	11-1-68	24650	20700	4350			
100	Alden Self Transit	11-6-68	11-13-68	25300	20250	5050			
14M	Helmerich & Payne 5% CV '87	1-23-68	5-14-68	13025[illegible]2	15155[illegible]0	(2130[illegible]8)			
300	Curtis Publishing	5-24-68	5-15-68	231600	286164	(5564)		+31	
400	Curtis Publishing	7-18-68	5-15-68	208297	310852	(2055)			
50	Occidental 4 Cv. Pfd.	7-22-68	9-9-68	644338	663734	(19396)			
100	Planet Gilt Mineral	12-13-68	2-19-69	634274	704600	(70326)			
50	Honeywell	10-14-68	7-23-68	566147	651846	(85699)			
200	McCulloch Oil Corp.	10-25-68	11-18-68	1083746	1091100	(7354)			
200	Westates Petroleum	7-11-68	12-13-68	247516	225600	21916			
200	Air West Inc	12-24-68	1-2-69	388952	394038	(5086)			
50	Occidental Pet. 360 Cv. Pfd.	8-20-68	1-6-69	724378	705152	18904			
360	Asamera Oil Corp. Ltd.	12-31-68	1-23-69	768883	719125	49758			
200	SMC Investment Corp.	10-25-68	1-28-69	351750	350000	1750			
100	Anaconda COM.	12-19-68	1-29-69	599352	605050	(5698)			
200	Reading & Bates	12-3-68	1-31-69	445164	581676	(13612)			
	TOTAL NET SHORT TERM GAINS			17700401	17991894	202576			

PLAINTIFF'S EXHIBIT 68

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The ANDERSON Co. - Schedule D - Part III - Line 10

Long Term Capital Gains and Losses - Assets Held More Than 6 MONTHS

Shares or BONDS(M)		Date Acquired	Date Sold	Gross Sales Price	Cost	GAINS or (LOSSES)
7 M	Berkey Photo 5 3/4 CV '86	5-15-67	5-2-68	1021229	954917	66312
10 M	Fruehauf 4 3/4 Cv '76	7-7-67	5-2-68	1467500	1352500	115000
9 M	Amer Airlines 5 1/2 Cv '91	4-28-67	5-2-68	970729	1409250	(438521)
8 M	Berkey Photo 5 3/4 Cv '86	5-15-67	5-3-68	1149976	1091333	58643
200	Ducommun Inc.	2-9-68	10-29-68	462900	767600	(304700)
600	First Mortgage Investors	8-28-67	10-29-68	1437000	670191	766809
500	Enterprise Fund	2-28-68	10-31-68	565000	431000	134000
500	Enterprise Fund	2-28-68	11-13-68	576500	431000	145500
200	New Britain Machine	4-25-68	1-16-69	1100090	846000	254090
200	Youngstown Sheet + Tube	5-24-68	1-16-69	932969	810313	122656
100	Ebasco Industries	2-21-68	1-29-69	632449	604500	27949
100	Parke Davis com.	5-24-68	1-30-69	291119	312194	(21075)
200	Amer Mach. + Fdry	6-17-68	1-31-69	520051	463476	56575
200	Phelps Dodge com.	8-6-68	2-12-69	940430	714610	225820
200	Phelps Dodge	8-13-68	2-14-69	937943	727123	210820
50	Planet Oil + Mineral	7-19-68	2-19-69	317136	378575	(61439)
1000	First Mtg. Inv CBI	8-28-67	2-28-69	2364000	1116954	1247046
200	Phelps Dodge	8-30-68	3-4-69	910581	729625	180956
200	Ebasco	2-21-68	3-14-69	1313351	1209000	103351
100	Susquehanna Corp com	2-21-68	9-17-68	376835	632796	(255961)
	TOTAL NET LONG TERM GAINS			18306788	16729557	2633831

PLAINTIFF'S EXHIBIT 68

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SCHEDULE D
(Form 1065)
Department of the Treasury
Internal Revenue Service

PLAINTIFF'S EXHIBIT 68

Sales or Exchanges of Property

▶ See instructions on back.
▶ If you use this schedule, attach it to Form 1065.

1969

Name of partnership: The Anderson Co.

Employer identification No.: 04 2143620

Part I.—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—Assets Held More Than 6 Months—Where double headings appear, use the first heading for section 1245 and the second heading for section 1250

a. Kind of property (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1				

f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (c less sum of f-1 and f-2)	h. Total Gain (d less g)	i. Ordinary Gain (lesser of f-2 or h) — OR — (see instructions)	j. Other Gain (h less i)
f-1. Prior to January 1, 1962 — OR — Prior to January 1, 1964	f-2. After December 31, 1961 — OR — After December 31, 1963				

2 Total ordinary gain. Enter here and on line 14 and identify as gain from Part I
3 Total other gain. Enter here and on line 4 and identify as gain from Part I

Part II.—SALE OR EXCHANGE OF PROPERTY UNDER SECTION 1231

a. Kind of property (if necessary, attach statement of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain (loss) (d plus e less f)
4						

5 Enter your share of gain (loss) of section 1231 items from other partnerships and from fiduciaries
6 Net gain (loss) from lines 4 and 5. Enter here and in column 10, Schedule K of Form 1065

Part III.—CAPITAL ASSETS—Short-Term Capital Gains and Losses—Assets Held Not More Than 6 Months

7 Schedule			73749.26		73669.12	80.14

8 Enter your share of net short term gain (loss) from other partnerships and from fiduciaries
9 Net short-term gain (loss) from lines 7 and 8. Enter here and in column 8, Schedule K of Form 1065. 80.14

Long-Term Capital Gains and Losses—Assets Held More Than 6 Months

10 Schedule			84809.86		70047.73	14762.13

11 Enter your share of net long-term gain (loss) from other partnerships and from fiduciaries
12 Capital gain dividends
13 Net long term gain (loss) from lines 10, 11, and 12. Enter here and in column 9, Schedule K of Form 1065 14762.13

Part IV.—PROPERTY OTHER THAN CAPITAL ASSETS

14						

15 Enter your share of gain (loss) on property other than capital assets from other partnerships and from fiduciaries
16 Net gain (loss) from lines 14 and 15. Enter here and on page 1, line 10, Form 1065

The ANDERSON Co. - Schedule D - Part III - Line 7

Short Term Capital Gains and Losses - Assets Held Not More Than 6 Months

(A) Shares and M Bonds	(B)	(C) Date Acquired	(D) Date Sold	(E) Gross Sales Price	(F) Cost	(G) Gain or (Loss)	
$3000	Reading & Bates 5½ CV 1988	1-10-69	6-3-69	$4492 41	$3067 50	$1424 91	✓
100	U.S. Fidelity & Guaranty	8-19-69	6-10-69	718 46	727 23	(8 77)	
200	Tropicana com.	2-14-69	6-17-69	586 00	500 00	86 00	✓
$3000	Reading & Bates 5½ CV 1988	1-10-69	6-19-69	3957 43	3067 50	889 93	✓
200	Canadian Superior Oil com	7-8-69	6-13-69	833 70	812 26	20 44	✓
200	" " " "	7-23-69	6-12-69	875 56	664 88	211 68	✓
100	GULF LIFE Holding	5-1-69	10-14-69	363 54	283 00	79 54	✓
100	National Health Enterprises	11-3-69	12-23-69	149 96	139 75	10 21	✓
200	Metro Incorporated	12-3-69	1-28-70	480 00	471 50	8 50	✓
$5000	Philip Morris 6 CV 1998	11-11-69	3-9-70	6274 87	6300 00	(25 13)	
$10000	C.M.O. 6¼% CV. 1990	2-24-70	3-16-70	10050 00	10412 50	(362 50)	
300	Transcont. Gas Pipeline	11-4-69	4-29-70	5688 75	5775 00	(86 25)	
100	OXY Call 23 EXP 5/16/70	12-16-69	4-27-70	100	405 00	(305 -)	
200	OXY Call 25 EXP 4/4/70	11-25-69	4-27-70	200	835 00	(635 -)	
100	Consol. Oil & Gas com.	11-25-69	4-28-70	970 73	2153 25	(1182 52)	
$3000	Seaboard World Air. 5% CV	11-11-69	4-28-70	1449 97	2685 00	(1235 03)	
100	Australian Oil com.	10-3-69	4-28-70	1290 84	2953 75	(1662 91)	
	Net Total Short Term Gains			$73749 26	$73669 12	$ 80 14	

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PLAINTIFF'S EXHIBIT 68

The ANDERSON Co. – Schedule I Part III – Line 10

LONG TERM CAPITAL GAINS and LOSSES – Assets held More Than 6 Months

Shares and Kind of Bond		Date Acquired	Date Sold	Gross Sales Price	Cost	Gain or Loss
300	Parke Davis com.	6-6-68	6-18-69	$ 889535	$ 961707	$ 72172
50	Tampax Inc.	7-18-68	9-23-69	1004750	1004700	50
200	Gulf Life Holding	4-7-69	10-14-69	726509	493738	232771
197	Anderson Eng. Co. Inc.	1967	10-28-69	546281	197000	349281
200	Cities Service Co com	1-15-69	10-31-69	945000	1518059	573059
100	Atlantic Richfield com.	1-15-69	11-17-69	974600	945000	29600
200	First Mtg. Inv. wts.	7-18-69	2-2-70	259000	162500	96500
200	Avnet	1-20-69	3-9-70	210695	709813	499118
150	General Motors com	1933	3-9-70	1066121	36088	1030033
100	Johnson and Johnson com.	1957	3-16-70	1525288	1002227	1425061
200	L.V.O Corp.	5-29-69	4-21-70	105747	22496	83251
100	Canadian Super Oil com.	2-4-69	4-28-70	227470	619515	392045
				$ 8480986	$ 7004773	$ 1476213

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PLAINTIFF'S EXHIBIT 68

PLAINTIFF'S EXHIBIT 68

SCHEDULE D (Form 1065)
Department of the Treasury
Internal Revenue Service

Sales or Exchanges of Property

▶ See separate instructions.
▶ Attach this schedule to Form 1065.

1970

Name of partnership: The Anderson Co. 755 Beat St. Cambridge Mass

Employer identification No.: 04-2143620

Part I.—CAPITAL ASSETS—Short-Term Capital Gains and Losses—Assets Held Not More Than 6 Months

a. Kind of property (if necessary, attach statements of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale	g. Gain (loss) (d plus e less f)
1 Schedule attached						14278.05 Loss

2 Enter your share of net short-term gain (loss) from other partnerships and from fiduciaries . . . . .

3 Net short-term gain (loss) from lines 1 and 2. Enter here and in line 7, Schedule K of Form 1065 . . . . 14278.05 Loss

Long-Term Capital Gains and Losses—Assets Held More Than 6 Months

4 Schedule attached						92790.71

5 Enter your share of net long-term gain (loss) from other partnerships and from fiduciaries . . . . .

6 Capital gain distributions . . . . .

7 Net long-term gain (loss) from lines 4, 5, and 6. Enter here and in line 8, Schedule K of Form 1065 . . . 92790.71

Part II—ORDINARY GAINS AND LOSSES

8 Gain from line 12 ——▶
Gain from line 15 ——▶

9 Enter your share of ordinary gain (loss) from other partnerships and from fiduciaries . . . . .

10 Net ordinary gain (loss) from lines 8 and 9. Enter here and on page 1, line 10, Form 1065 . . . . .

Part III.—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY AND CERTAIN REAL PROPERTY HELD MORE THAN 6 MONTHS. (SECTION 1245) Report gain from disposition of other depreciable real property in Part IV.

a. Kind of property and how acquired (if necessary, attach statement of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
11				

f. Total depreciation allowed (or allowable)	g. Adjusted basis (e less f)	h. Total gain (d less g)	i. Depreciation allowed (or allowable) see instr. for date	j. Ordinary gain (lesser of h or i)	k. Other gain (h less j)

12 Total ordinary gain. Enter here and on line 8 . . . . .

13 Total other gain. Enter here and on the appropriate line(s) in Part V below. (See instructions) . . . .

16—81180-1

THE ANDERSON COMPANY - Short term Capital Gains and Losses - Sch D - Part I - Item 1

Apr. 1 30 1971

Shares	COMPANY	DATE ACQUIRED	DATE SOLD	GROSS SALES	COST	GAIN	LOSS	
200	Pargas Com.	5-28-70	5-20-70	*20654	*23200		* 2746	(Short sale)
300	Georgia Pacific	5-27-70	5-25-70	115569	128875		13306	(Short sale)
300	Ryder System Inc	5-28-70	5-26-70	94248	105414		11166	" "
100	Carrier Corp	5-28-70	5-27-70	26213	30869		4656	" "
100	Chesebrough Pond's	5-28-70	5-27-70	35504	38275		2771	" "
100	Fluor Corp	5-28-70	5-27-70	221300	264700		43400	" "
100	Int'l Flavor + Fragr	5-28-70	5-27-70	451302	505900		54598	" "
100	Scoville Manuf	5-28-70	5-27-70	298324	318719		20395	" "
100	Square D. Co.	5-28-70	5-27-70	175871	188825		12954	" "
100	Trans Union Corp	5-28-70	5-27-70	234895	254650		19755	" "
60	Atlantic Richfield	5-28-70	5-25-70	295739	300931		5192	" "
200	Anaconda	5-28-70	5-15-70	489689	497750		8061	" "
100	Seaboard Coast Line	5-28-70	5-15-70	32687	293594	32092		" "
100	Walco Nat'l Corp	5-28-70	5-20-70	117552	115238	2314		" "
50	Synter	5-28-70	5-15-70	131312	118745	12611		" "
100	General Tel + Elect	5-28-70	5-11-70	25038	25881	5157		" "
100	Helmerich + Payne	5-28-70	5-19-70	135240	127925	7315		" "
100	Australian Oil	5-28-70	5-14-70	140165	116507	23658		" "
100	Canadian Super Oil	5-28-70	5-15-70	212682	181213	31469		" "
400	British Petroleum Adr	5-29-70	5-21-70	368416	358400	10016		" "
140	Zurn Ind	5-28-70	5-6-70	307973	243585	64388		" "
300	Foxboro	5-28-70	5-6-70	844981	738339	105642		" "
*4000	Zurn Ind 5¼% C.V. '94	5-6-70	6-24-70	301993	341500		39507	
3000	Buttes Gas + O. 5½% 88	4-21-70	6-24-70	17996	237500		59504	
6000	First Mtg Inv 6¾% '85	1-28-70	6-29-70	511989	600000		87011	
98	Buttes Gas + O.	7-23-70	6-24-70	9706	9516		810	
300	Occidental Pete Com	7-24-70	5-19-70	5212	479443	20762		Short Sale
50	" " 3.60 Pfd.	7-24-70	5-20-70	24180	243716	3464		" "
100	Seaboard Coastline	8-27-70	6-22-70	270963	270981		18	" "

Brot Forward 10025930 10408191 318889

PLAINTIFF'S EXHIBIT 68

THE ANDERSON COMPANY - Short term Capital Gains and Losses - Sch D - Part 1 - Item 1

Apr. 1 30 1971

Shares	Company	DATE Acquired	Date Sold	Gross Sales	Cost	Gain	Loss	
99	Seaboard World Air.	8-25-70	6-24-70	62384	59786	2598		Short Sale
298	Foxboro Co.	8-26-70	6-22-70	652841	663032		11748	" "
97	Australian Oil	2-22-71	6-24-70	92161	153356		61195	" "
99	Consol. Oil + Gas	2-22-71	6-24-70	57561	111284		53775	" "
50	First Nat'l City Corp.	3-9-71	2-22-71	334843	349297		14454	" "
50	Syntex Corp.	3-15-71	3-15-71	108577	273922		165345	" "
199	Foxboro Co	4-1-71	9-25-70	454322	743826		289504	
50	Canadian Superior	4-1-71	6-22-70	114973	196138		81165	Short Sale
100	Seaboard Coast Line	4-1-71	9-25-70	311330	448113		136783	" "
199	Pargas	4-13-71	6-29-70	287579	471252		233673	" "
				*1245392	*1387197	*321487	*1749292	

Net Short Term Losses

*142780

556a

PLAINTIFF'S EXHIBIT 68

THE ANDERSON COMPANY - LONG TERM CAPITAL GAINS AND LOSSES - Sch. D Part I. - Item 4

April 30 1971

KIND OF PROPERTY	Date Acquired	Date Sold	Gross Sales	Depreciation Allowed	Cost	Expenses of sale	Gain	Loss
200 Sh. Brockway Glass	10-31-69	5-15-70	446150		757153			310603
500 " Mortg. Inv. Gr. SBI	11-4-69	5-18-70	684837		1026125			341238
5000 Purex Corp 4⅞ '94	10-29-69	6-24-70	286616		461250			174634
5000 General Tel. Cal. 4% '90	11-24-69	6-24-70	286243		397500			111257
3000 Helmerich + Payne 5% 87	8-25-69	9-16-70	240620		282750			42130
100 Sh Seaboard Coastline	11-15-68	9-22-70	312025		581888			269863
100 " British Petroleum ADR	3-7-69	10-9-70	108152		219263			111111
100 " Atlantic Richfield Pfd.	11-17-69	10-12-70	453770		664480			210710
50 " Australian Oil	9-12-69	11-12-70	84631		163635			79004
50 " Canadian Superior Oil	2-3-69	11-12-70	171987		312260			140273
50 " Scope Inc.	2-19-69	11-16-70	42218		303200			260982
100 " British Petroleum ADR	3-7-69	11-16-70	97073		219263			122190
40 " Walco National Corp	7-18-68	11-16-70	38499		206765			168266
100 " Foxboro Co.	10-7-68	10-6-70	254794		519415			264621
100 " Seaboard Coastline	10-21-69	7-23-71	523559		520096		3463	
			403164		655523			
557a Real Estate - 275 Bent St Cambridge Mass.		7-31-70	155000		337346	33784		118025 70
			195316 14		991426 9	33784	118060	3325 26962
Net Long Term Gains								* 927907 1

PLAINTIFF'S EXHIBIT 68

SCHEDULE D (Form 1065)

Department of the Treasury
Internal Revenue Service

PLAINTIFF'S EXHIBIT 68

Capital Gains and Losses

➤ Attach to Form 1065.

1971

Name of partnership: The Anderson Co

Employer Identification No.: 04-2143620

Part I Short-term capital gains and losses—assets held 6 months or less

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis and expense of sale	f. Gain or (loss) (d less e)
1 Sales of Securities (schedule attached)				Loss	140649.80
2 Enter your share of net short-term gain or (loss), including specially allocated items, from other partnerships and from fiduciaries					
3 Net short-term gain or (loss) from lines 1 and 2. Enter here and in line 7, Schedule K of Form 1065					140649.80

Part II Long-term capital gains and losses—assets held more than 6 months

4 Sales of Securities				Loss	24309.78
5 Enter your share of net long-term gain or (loss), including specially allocated items, from other partnerships and from fiduciaries					
6 Capital gain distributions					
7 Net long-term gain or (loss) from lines 4, 5, and 6. Enter here and in line 8, Schedule K of Form 1065					24309.78

Instructions

(References are to the Internal Revenue Code)

This schedule provides for the reporting of sales or exchanges of capital assets. Every sale or exchange of property must be reported in detail even though no gain or loss is indicated.

For reporting sales or exchanges of property other than capital assets including the sale or exchange of property used in the trade or business and involuntary conversions (section 1231) see Form 4797 and related instructions.

Basis.—In most cases the basis of property is its cost to the partnership. However, if the property was acquired by gift, inheritance, or in some other manner, a basis other than cost must be used. If the amount shown as the basis is other than cost, full details must be given.

"Capital assets" defined.—The term "capital assets" means property held by the partnership (whether or not connected with the trade or business) but does NOT include—

(a) stock in trade or other property of a kind properly includible in the inventory if on hand at the close of the taxable year;

(b) property held by the partnership primarily for sale to customers in the ordinary course of the trade or business;

(c) property used in the trade or business of a character which is subject to the allowance for depreciation provided in section 167;

(d) real property used in the trade or business of the partnership;

(e) certain Government obligations issued on or after March 1, 1941, at a discount, payable without interest and maturing at a fixed date not exceeding 1 year from date of issue;

(f) certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property; or

(g) accounts and notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property referred to in (a) or (b) above.

As to (b) above, the law allows dealers in securities capital gain or loss treatment on certain securities which were clearly identified as being held for investment. Also certain real property subdivided for sale may be treated as a capital asset. Sections 1236 and 1237.

Capital gain distributions.—Report on line 6 as long-term capital gains any amounts which a regulated investment company advises you, as a shareholder, are (a) a capital gain dividend, or (b) the partnership's share of the company's undistributed capital gains. (See line 16 of instructions for Schedule K, Form 1065.)

Losses on securities becoming worthless.—If any securities become worthless during the taxable year and are capital assets, the loss shall be considered as a loss from the sale or exchange of capital assets as of the last day of such taxable year.

Nonbusiness debts.—If a debt, such as a personal loan, becomes totally worthless within the taxable year, the loss shall be considered a loss from the sale or exchange, during the taxable year, of a capital asset held for not more than 6 months. Enter on line 1 such loss in column (f) and describe in column (a). This does not apply to: (a) a debt evidenced by a corporate security with interest coupons or in registered form and (b) a debt acquired in the trade or business.

Collapsible corporations.—Gain from the sale or exchange of stock in a collapsible corporation is not a capital gain. Section 341.

"Wash sales" losses.—Losses from the sale or other disposition of stock or securities are not deductible (unless sustained in connection with the partnership trade or business) if, within 30 days before or after the date of sale or other disposition, the partnership has acquired (by purchase or by an exchange upon which the entire amount of gain or loss was recognized by law) or has entered into a contract or option to acquire, substantially identical stocks or securities.

Installment sales.—If you sold personal property for more than $1,000 or real property regardless of amount, you may be eligible to report any gain under the installment method if (1) there are no payments in the year of sale or (2) the payments in the year of sale do not exceed 30% of the selling price. (See section 453.) Such sales must provide for 1 or more payments in each of 2 or more taxable years.

For treatment of a portion of payments as "unstated interest" on deferred payment sales, see section 483.

U.S. GOVERNMENT PRINTING OFFICE: 1971

659—16—81712-1

Thos. Anderson Co. - Short Term Capital Gains and Losses - Year Ended Oct 30, 1972

45-113 EYE EASE 25-213 50/50 BUFF

					Date Acquired	Date Sold		Cost	Down	Rec'd
1	80	Rockaden Manuf.			Jun 71	Jul 71	5,118 81	4,864 63		6,345 07
2	2,000	Boat and World Airlines			Feb 71	Jul 71	1,867 17	12,440 -		14,223
3	90	Hyperbaric		Short Sale	Jun 71	Oct 71	5,135 69	4,526 21	526 28	
4	102	Atlantic Electronics		"	Sep 71	Jul 71	1383 -	10,696 96	2,406 04	
5	160	Precision Instrument		"	Sep 71	Dec 71	3,754 32	3,107 55	571 77	
6	50	Leasing Associates		"	Oct 71	Oct 71	1,200 -	10,875 31	1,151 19	
7	80	Gamble Skogmo		"	Jul 71	Jul 71	3,187 73	3,006 80	1,726 23	
8	200	Universal Instruments		"	Oct 71	Jul 71	4,161 -	1,111 35		3,555 25
9	100	Xerox Corp.		"	Sep 71	Jul 71	4,871 36	3,540 51	1,551 24	
10	100	Polaroid		"	Oct 71	Oct 71	3,511 22	3,011 31	2,111	
11	100	Memorex Corp.		"	Oct 71	Oct 71	2,887 77	3,111 75		3,611 98
12	162	Tandy Corp.		"	Sep 71	Jul 71	5,712 24	5,405 14	4,307 04	
13	104	Syntex Corp.		"	Oct 71	Jul 71	2,220 62	1,771 07	446 75	
14	100	Memorex Corp.		"	Oct 71	Jul 71	1,712 05	1,271 71	134	
15	100	Levitz Furniture		"	Nov 71	Nov 72	7697 38	7,164 09	429	
16	100	IBM		"	Sep 71	Jul 71	6,512 07	5,772 16	2,702 11	
17	25	Wm Wrigley Jr.		"	Nov 71	Aug 71	1,712 15	1,332 47	537 72	
18	200	Olivetti Corp.		"	Nov 71	Oct 72	8,612 55	11,779 68	1,426 26	
19	100	American Broadcasting		"	Mar 72	Oct 72	6,471 96	10,911 30		4,435 12
20	100	American Hospital Supply		"	Nov 71	Nov 72	3,612 42	3,760 32		611 23
21	150	American Hotel Chains		"	Nov 71	Oct 71	5,912 86	2,672 13	3,233 55	
22	150	A. F. L. Services		"	Nov 72	Nov 70	7,812 92	16,376 30		6,412 28
23	200	Avnet Industries		"	Nov 72	Nov 71	6,612 11	8,168 38		1,556 27
24	90	Atlantic Richfield		"	Nov 72	Oct 71	4,312 82	6,331 25		1,989 39
25	175	Avon Products		"	Nov 72	Nov 70	13,184 19	20,145 42		6,911 23
26	100	Bell & Howell		"	Nov 72	Nov 71	4,488 15	6,510 45		2,022 30
27	100	Black & Decker		"	Nov 72	Nov 71	6,823 76	8,962 90		2,125 44
28	200	British Petr. Ltd		"	Nov 72	Oct 71	2,522 69	4,793 64		2,270 15
29	100	Burroughs		"	Nov 72	Oct 71	3,306 62	4,842 00		1,535 38
30	40	Burroughs		"	Nov 72	Dec 71	1,470 10	1,853 78		383 68
31	200	Chemical Systems Corp.		"	Nov 72	Nov 71	6,512 17	8,112 13		1,599 96
32							1,907,612	1,757,463	1,067,032	1,532,883

PLAINTIFF'S EXHIBIT 68

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The Cincinnati Co. - Short Term Capital Gains and Losses - Oct 30, 1972

				Date Acquired	Date Sold	Gross Sales	Cost	Gain	Loss
2	200	Capital Refrigerated Cartage	Stock	May 72	Nov 71	8441 51	11504 40		3062 89
3	200	Caterpillar Tractor	"	Dec 71	Oct 71	4063 37	8363 37	679 -	
4	80	Certain-Teed Products	"	May 72	Sept 71	2403 80	2961 55		557 75
5	200	Cessna Aircraft	"	May 72	Nov 71	4324 04	5856 88		1532 84
6	160	Champion Home Bldrs	"	May 72	Mar 71	2244 45	11 [illegible]32		9421 07
7	100	Coastal Sts Gas Producing	"	May 72	Dec 72	4461 94	5534 48		1072 54
8	100	Communications Satellite	"	May 72	Feb 72	5210 04	7301 28		2126 24
9	100	Brown Telephone	"	Feb 72	Sept 71	5207 12	3011 31	195 61	
10	100	Diamond Shamrock	"	Nov 71	Aug 71	4011 93	4011 31		62
11	50	Eastman Kodak	"	Dec 72	Nov 71	3566 08	5532 48		1966 40
12	150	Eli Lilly	"	Dec 71	Nov 71	5065 69	5426 62	360 7	
13	200	Emery Air Freight	"	May 72	Nov 71	7052 72	9[illegible]2		2868 40
14	100	Fedders	"	Nov 71	Oct 71	4186 66	4[illegible]20	35 16	
15	200	Foxboro	"	Feb 72	Oct 71	7274 97	7[illegible]75		199 78
16	155	General Telephone Electronics	"	May 72	Aug 70	3393 41	4903 -		1509 59
17	100	Gillette	"	Dec 71	Nov 71	3853 86	3765 06	88 80	
18	95	Hammermill Paper	"	May 72	Jul 71	1198 69	2063 33		864 64
19	100	Hilton Hotels	"	May 72	Nov 71	4575 71	5779 24		1203 53
20	331	International Flavors + Fragrances	"	May 72	Oct 71	14743 57	21507 18		6763 61
21	170	Johnson + Johnson	"	May 72	Nov 70	8524 97	17933 33		9408 36
22	165	Kaufman + Broad	"	May 72	Jul 71	4620 50	7736 74		3116 24
23	100	Kilsby + Clark	"	Dec 71	Nov 71	3541 42	3[illegible]52	2492	
24	100	Lucky Stores	"	May 72	Dec 71	2846 44	3729 94		883 50
25	320	Louisiana Land + Exploration	"	May 72	Nov 71	8432 90	16526 17		8093 27
26	80	R H Macy	"	May 72	Jul 71	3167 83	[illegible]418 85		250 02
27	100	Magnavox	"	Dec 71	Oct 71	4843 89	4[illegible]19	254 25	
28	200	Maytag Co	"	May 72	Dec 71	8814 37	14[illegible]98		5284 61
29	100	J Ray McDermott	"	Feb 72	Jan 72	3587 81	4051 -		463 19
30	100	Procter + Gamble	"	May 72	Jul 71	8151 16	13[illegible]45		4525 99
31	102	Pittston Co	"	May 72	Nov 71	2[illegible]70	3[illegible]12		1[illegible]43
						[illegible]50	[illegible]32	6[illegible]11	16[illegible]52

560a

PLAINTIFF'S EXHIBIT 168

Re Anderson Bo - Short Term Capital Gains and Losses - Year Ended April 30 1972

Page 3

| | | |

45 113 EYE-EASE 45 213 20 20 BUFF

Mississippi Co. - Long Term Capital Gains and Losses - Year Ended April 30, 1972

			Date Acquired	Date Sold	Gross Sales	Cost	Gain	Loss
1	200	Capital Cities Fin	10/ 1/70	7/ 1/71	$ 2,283,147	4,235,476		$ 1,952,329
2	50	Guardian Savings Ass't	1-31-71	7/ 1/71	209,718	312,460		102,742
3	200	Forbes Inc	8/ 1/68	7/ 1/71	814,157	875,438		61,281
4	50	Ayalon	12/ 1/69	9/30/71	307,152	354,706		47,554
5								
6	200	Lucerne	11/30/69	3/ 1/72	4,714,700	7,126,030		2,411,330
7	150	Canadian Pac 3.60 Pf.	4/30/69	4/ 1/72	264,750	209,554	55,196	
8	200	Xerox	7/31/70	7/31/71	414,610	437,019		22,409
9	300	Seaboard World Airlines 7.98%	11/ 1/69	9/ 1/71	3,738,000	2,411,000	1,327,000	
10					$ 3,768,000	3,161,089	$ 1,382,196	$ 775,285
11		Net Long Term Capital Loss				$ 2,430,958		$ 1,342,062
12		C						
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562a

PLAINTIFF'S EXHIBIT 68

PLAINTIFF'S EXHIBIT 68

Form 1065 (1972) Page 2

Note: Any items specially allocated to the partners should be entered in line 16 of Schedule K instead of being reflected in the numbered lines of page 1 or Schedules D through J. (See General Instruction O)

Schedule D—CAPITAL GAINS AND LOSSES (See Instructions for Schedule D)

Part I Short-term capital gains and losses—assets held 6 months or less

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis and expense of sale	f. Gain or (loss) (d less e)
1					

2 Enter your share of net short-term gain or (loss), including specially allocated items, from other partnerships and from fiduciaries .

3 Net short-term gain or (loss) from lines 1 and 2. Enter here and on line 4, Schedule K of Form 1065 . .

Part II Long-term capital gains and losses—assets held more than 6 months

4					
Schedule attached			7395.66	22794.11	(15398.45)

5 Enter your share of net long-term gain or (loss), including specially allocated items, from other partnerships and from fiduciaries .

6 Capital gain distributions . . . . . .

7 Net long-term gain or (loss) from lines 4, 5, and 6. Enter here and on line 5, Schedule K of Form 1065 . . (15398.45)

Schedule H—INCOME FROM RENTS

a. Kind and location of property	b. Amount of rent	c. Depreciation (explain in Schedule J)	d. Repairs (attach schedule)	e. Other expenses (attach schedule)
1 Totals				

2 Net income (loss) (column b less sum of columns c, d, and e). Enter here and on page 1, line 7 . . . . . .

Schedule I—BAD DEBTS (See Instruction 18)

a. Year	b. Trade notes and accounts receivable outstanding at end of year	c. Sales on account	Amount added to reserve: d. Current year's provision	Amount added to reserve: e. Recoveries	f. Amount charged against reserve	g. Reserve for bad debts at end of year
1967 .						
1968 .						
1969 .						
1970 .						
1971 .						
1972 .						

Schedule J—DEPRECIATION (See Instruction 20)

Note: If depreciation is computed by using the Class Life (ADR) System for assets placed in service after December 31, 1970, or the Guideline Class Life System for assets placed in service before January 1, 1971, you must file Form 4832 (Class Life (ADR) System or Form 5006 (Guideline Class Life System)). Except as otherwise expressly provided in income tax regulations sections 1.167(a)-11(b)(5)(vi) and 1.167(a)-12, the provisions of Revenue Procedures 62-21 and 65-13 are not applicable for taxable years ending after December 31, 1970. IF YOU NEED MORE SPACE, USE FORM 4562.

Check box if you made an election this taxable year to use ☐ Class Life (ADR) System and/or ☐ Guideline Class Life System.

a. Group and guideline class or description of property	b. Date acquired	c. Cost or other basis	d. Depreciation allowed or allowable in prior years	e. Method of computing depreciation	f. Life or rate	g. Depreciation for this year
1 Total additional first-year depreciation (do not include in items below). (Enter here and on line 2 of Schedule K) →						
2 Depreciation from Form 4832						
3 Depreciation from Form 5006						
4 Other depreciation:						
Buildings						
Furniture and fixtures	1967	790.69	261.55	SL		52.84
Transportation equipment . . .	1967, 1971	5421.35	2367.17	SL		683.33
Machinery and other equipment .						
Other (specify)						
5 Totals		6212.04				736.17
6 Less amount of depreciation claimed in Schedules A and H						
7 Balance—Enter here and on page 1, line 20						736.17

SUMMARY OF DEPRECIATION (Other than Additional First-Year Depreciation)

	Straight line	Declining balance	Sum of the years-digits	Units of production	Other (specify)	Total
1 Depr. from Form 4832 . . .						
2 Depr. from Form 5006 . . .						
3 Other . . .						

The Anderson Company 04 2143620
Schedule of Long Term Capital Gains and(Losses
Schedule D Part11

Shares Sold	Description	Date Acquired	Date Sold	Gross Sales Price	Cost Price	Long Term Loss
50	AustralOilCo.Inc.	9/12/69	5/1/72	747.81	1636.34	(888.53)
100	Consolid.Oil & gas	6/20/69	5/1/72	1056.90	3297.81	(2240.91)
100	Scope Incorporated	12/2/68	5/1/72	1832.62	7046.00	(5213.38)
8M	SeaboardWorldAir 5% cv 1986	1/69 to 4/70	5/1/72	2857.54	7712.50	(4854.96)
60	WalcoNationalCorp.	7/11/68	5/1/72	900.79	3101.46	(2200.67)
	Total cost				22794.11	
	Total gross sales price			7395.66		
	Total Long Term Capital Losses -- to schedule D part 11					(15,398.45)

564a

PLAINTIFF'S EXHIBIT 68

DEFENDANT'S EXHIBIT 8

FORM 748 2M R & B

~~Mr.~~ Herbert Bancroft

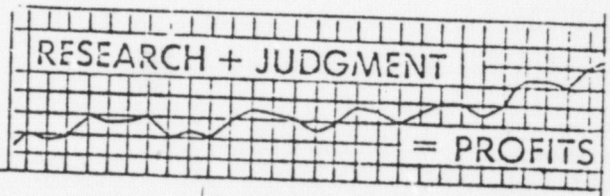
The attached recently came across my desk regarding the dual purpose funds. The reaction is passed along for your information.

Kind regards.

DOUG ANDERSON

DEFENDANT'S EXHIBIT 8

THE INCOME BUILDER, INC.
RIVER EDGE — NEW JERSEY
REGISTERED AS INVESTMENT ADVISERS WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.



Wednesday, February 1, 1967

WILL THE NEW DUAL PURPOSE FUNDS PROVE TO BE REWARDING INVESTMENTS ?

by J. A. Lempenau

"There is nothing new under the sun" is an old adage. Actually it is not true. All hucksters including pushcart peddlers, the boys in the grey flannel suits on Madison Avenue, and purveyors of securities constantly try to come up with new gimmicks to attract the public buck.

Several new hybrid funds are scheduled to make their debut. I think preliminary prospecti or red herrings are available on most if not all.

The proposed pattern of each is quite similar. An equal amount of income shares and capital shares will be issued. I reviewed one red herring. A small investor with $10,000 would receive about $9,170 worth of the type shares he selects. Does that seem like a bargain? The offering price of the income shares is $12.00 per share. It is proposed that they be redeemed nearly 18 years hence @ $11.00 per share.

This again does not impress me as a bargain.

Let's consider the income shares. They are entitled to receive all dividends earned by total assets of the fund (both classes of stock); but not less than 56¢ per share annually. (About 4.7% on cost.) The red herring states the fund intends to redeem all income shares on December 31, 1984, @ $11.00 per share plus accrued dividends.

At present the average yield of all stocks on the Big Board is about 4%. To obtain growth, obviously some securities which pay little or nothing in cash dividends may be purchased by some of these funds. Thus, a starting yield of 2-1/2% - 3% appears logical. Please remember to multiply this by 2 and the yield [illegible] be 5% - 6%.

Would yields increase or diminish? Obviously that depends on the type and caliber of investments acquired. Assume as an example a stock like SHARON was bought by a fund when we first bought it and they stayed with it. Now approximate yield on cost is 5%. Again multiply by 2 and the income shares would be receiving nearly 10% on this particular situation.

For the moment let's forget the puzzle of should I invest in income shares or would I be better off to buy capital shares? We will go back to our original purchase of SHARON three years ago. Taking cash dividends and the near doubling in value of the stock, we come up with a total return of over 30% a year. This is about six times the minimum return the management of one particular fund hopes to be able to pay holders of the income shares.

Now, what about the capital shares? Holders will receive no dividends whatsoever until after the income shares are redeemed. Obviously the capital shares are intended for individuals in high tax brackets who prefer capital gains to income. Still, eighteen years is a long way away. Only one possible conclusion can be formed. The future of either of these types of shares depends on two things. These are, the future trend of our economy and the ability of management to make wise investments so that both types of shareholders will be suitably rewarded.

There is one important fact to keep in mind. After these issues are sold on their original offerings, they will trade in the nature of closed end funds rather than

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DEFENDANT'S EXHIBIT 8

ARE YOU FAMILIAR WITH OUR FABULOUS 2C ?

From correspondence and inquiries it seems we are creating interest among sensible investors. Some subscribers who left us for personal management @ $500 to $5,000 per year are returning to the fold.

We do not have space for a complete recap of the twenty stocks which were our new buys or repurchases in 1966. This was drawn down on Page #2 of the bulletin published December 21, 1966. In capsule form, here is how we stand as of Monday's close, January 30, 1967. For ease of computation assume 100 shares of each were acquired.

Cost - 756 points Market - 922 points Gain - plus 166 points

These figures take into account stocks sold or stopped out and also our recent sales of STORER BROADCASTING @ 46 and 1/2 the LING-TEMCO-VOUGHT Preferred @ 122.

What does this translate into in money? In a few words, here it is. You could have bought 10 shares of each for approximately $7,600 or 100 shares of each for about $76,000. Regardless of the size of your bankroll, your dividend income averaged 4% and your capital gain (over a few small losses) approximately 21% on outright purchase.

A 100 share trader would have needed approximately $55,000 if he elected to use 70% margin. If so his gross gain would have been $16,600 or about 30% on capital used. Quite all right in a down market for nearly nine straight months.

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DEFENDANT'S EXHIBIT 8

open end. They may sell above or below respective asset values. Why not keep in mind that good closed end funds often sell at a discount from asset value. Should that occur (and it is quite likely to), in my opinion that might be a better time to buy.

Investors are often carried away by new offerings. Comsat is a good example. Also the big fund which made its debut nearly a year ago. Despite recent general market strength, original buyers of that fund still cannot get out even.

Is there a better way to invest? Frankly I think yes. It is my strong opinion that investors should not ride one side of the teeter-totter. Instead, combine income with growth. As examples let's look at just two very sober selections in the bulletin.

CARBORUNDUM - On our second go around after taking big profits out of CBO, we rebought the stock in July, 1965, @ 67. Later the stock was split 2-for-1. Before the split we sold 1/2 our commitment for a $1,300 capital gain on each 50 shares sold. Our cost on 50 shares remaining (now 100 shares again because of the split) is 33-1/2. We expect to sell CBO around 50 for another $1,600 Profit.

PHILLIPS PETROLEUM - Is the highest grade but snoozicst security in Section I of the bulletin. Our official cost is 50. In addition to the very solid dividend, we expect a modest capital gain.

Now for the interesting point. In August, 1966, frightened and uninformed investors sold PHILLIPS for any price the stock would bring. The result was this bluest of the blue among the oils broke 45 for about a 5% yield - absolutely ridiculous. Then the stock had a sharp run to 54. In other words, those on their toes could have traded for a 5% yield plus a 20% capital gain for a minuscule risk in the stock market.

Of one thing you may be sure, tens of thousands of investors will buy the new dual purpose funds. I think they will do reasonably well over a period of time. I also think a person can do much better in well-chosen individual stocks and also not spend about $850 to acquire less than $9,200 of assets.

DEFENDANT'S EXHIBIT 39

① Number of Shares	② F6SY Name of Security	Ownership of any Capital Interest in this Security	Ownership of this Security for any Purpose	Ownership of this Security for any Purpose (3 or 4)	BOUGHT ⑥ Date	BOUGHT ⑦ Cost	INCOME REQUIRED (QUARTERLY) ⑧ 1st	2nd	3rd	4th	⑨ Total
00	Pan Am El Aviz Ln ...				12/1/67						
00	" " " "				5/4/67						
00	Lincoln Pete				5/24/67						
00	Bell Rey com				4/25/67						
50	Bell " "				3/1/67						
00	Gulf & W Ind com				7/12/67						
50	KLM w/afsid				7/25/67						
00	Rio Grande Ind com				5/12/67						
00	Fluor Corp com				5/3/67	X See	previous	for	explana	tion	
00	Fluor Corp com				5/24/67	X "	"	"	"		
00	Medtronic Corp com				6/1/67						
00	Penn Dix com				5/1/67						
00	Sperry Rand com				6/1/67	X "	"	"	"		
00	Warner Lambert com				5/17/67						
—											
00	Bausch & L com				7/19/67						
100	[illegible] com				5/3/67						
00	Westinghouse com				11/1/67	X "	"	"	"		
00	[illegible]				[illegible]						
00	[illegible]				[illegible]						
00	[illegible]				[illegible]						
00	[illegible]				[illegible]	X "	"	"	"		
00	[illegible]				[illegible]						
200	[illegible]				[illegible]						
00	[illegible]				[illegible]						
100	" " "				7/15/67						
----	----								OVER		

GAIN AND LOSS RECORD

① Number of Shares	⑩ Date	⑪ Sales Price	⑫ Cost or Other Basis	GAINS ⑬ Long Term	GAINS ⑭ Short Term	LOSSES ⑮ Long Term	LOSSES ⑯ Short Term	
	5/1/67	1,932.08	2,69[illegible]			[illegible]		
	2/24/67	1,820.71	2,682.75			[illegible]		
	4/1/67	7,922.56	5,422.5[illegible]				499.52	X
	7/1/67	3,652.25	2,971.10		67[illegible]			
	7/3/67	1,850.15	1,494.75		335.40			
	5/24/67	13,035.57	11,739.66		1,295.91			
	11/1/67	3,761.92	5,317.23			1,555.[illegible]		X
	11/1/67	7,498.35	9,160.61			[illegible]		X
	7/24/67	5,013.34	5,244.[illegible]	X			230.[illegible]	
	12/29/67	10,026.67	10,525.94	X		499.27		
	12/29/67	14,131.33	13,926.00		205.33			X
	11/24/67	5,335.00	5,756.49			421.[illegible]		X
	12/24/67	15,339.71	9,554.25	X	5,785.41			
	7/24/67	5,491.54	5,000.[illegible]				[illegible]	
	12/29/67	15,526.91	17,454.44			[illegible]	1,927.53	
	11/24/67	10,792.25	13,970.12			[illegible]		X
	[illegible]	[illegible]	[illegible]					
	11/20/67	4,543.[illegible]	3,642.00	X	901.[illegible]			
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
	2/24/67	23,4[illegible]	15,352.[illegible]	[illegible]	[illegible]			
	4/24/67	12,[illegible]	8,735.[illegible]	[illegible]	[illegible]			
	7/24/67	11,521.73	14,[illegible]	[illegible]	X			
	7/24/67	17,375.11	15,291.[illegible]	[illegible]	[illegible]			
	7/19/67	8,923.22	9,052.24			129.02		
	6/22/67	7,[illegible]	[illegible]	[illegible]	[illegible]			
	11/25/68	3,445.19	3,481.30			35.51		

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		BOUGHT				SOLD	S/P	COST	LONG	SHORT	LONG	SHORT
12M	5¾% Tuscaloosa ext	3/12/68				4/30/68	16,229.67	14,100.00		2,129.67		
200	Sperry Rand	4/28 & 6/6/67	X see below for correction		X	4/30/68	10,601.08	6,382.06	4,219.02			
200	Hooker Chem	3/14 & 3/21/68				4/30/68	8,782.44	9,676.00		1,106.44		

Corrections:

100	Floor	5/15/67				11/13/67	5,013.38	5,249.20				235.82
200	"	5/9 & 5/10				11/13/67	10,026.68	10,525.94			499.26	
100	Sperry Rand	4/28/67				11/13/67	5,113.23	3,197.31	1,915.92			
200	" "	6/6/67				11/13/67	10,226.48	6,369.50		3,856.98		
200	" "	6/6/67				4/30/68	10,601.08	6,369.50	4,231.58			
100	Medtronic	11/1/67				11/29/67	4553.00	3,639.00		916.00		
584	20th Century Fox Rights	received on account of securities acquired 4/28/67				12/05/67	132.52	—	132.52			
911	" " 4½% cv 1990	4/28/67	converted to 584 common shares			3/12/68	14,521.73	14,391.96	129.77			

DEFENDANT'S EXHIBIT 19

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12M 5¾% Tuscaloosa Ext cv BOUGHT 3/12/68 SOLD 4/30/68

DEFENDANT'S EXHIBIT 39

Number of Shares	Name of Security	Date	Cost	1st	2nd	3rd	4th	Total
100	[illegible]	[illegible]	9,545.17					
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
300	Curtis Publishing	1/22/65						
100	Chrysler	1/11/65						
[illegible]	[illegible]	[illegible]						
[illegible]	[illegible]	[illegible]						
400	Curtis Publishing	1/15/65						
312	[illegible]	[illegible]						
50	[illegible]	1/15/65						
50	[illegible]	[illegible]						
100	[illegible]	[illegible]						
52	[illegible]	10/11/65						
250	[illegible]	[illegible]						
300	[illegible]	2/2/65						
100	[illegible]	2/9/65						
100	[illegible]	2/25/65						
[illegible]	[illegible]	[illegible]						
100	[illegible]	[illegible]						
500	[illegible]	[illegible]						
100	[illegible]	[illegible]						

Defendant's A in 12/3 [illegible]

Number of Shares	Date	Sales Price	Cost	Long Term	Short Term	Long Term	Short Term
[illegible]	2/1/65	[illegible]	[illegible]	[illegible]			
[illegible]	2/2/65	[illegible]	[illegible]	[illegible]			
[illegible]	2/2/65	[illegible]	[illegible]				
[illegible]	2/2/65	9,278.93	9,375.00		[illegible]		
[illegible]	2/3/65	[illegible]	[illegible]	[illegible]			
[illegible]	2/11/65	13,629.12	15,155.00				[illegible]
[illegible]	2/11/65	7,761.27	9,665.15		[illegible]		
[illegible]	2/16/65	11,559.11	10,195.15		[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]		
[illegible]	2/16/65	5,615.76	5,623.37		7.61		
[illegible]	[illegible]	[illegible]	[illegible]				
[illegible]	3/5/65	2,310.31	2,961.00				
[illegible]	3/8/65	6,496.52	6,345.00		[illegible]		
[illegible]	3/15/65	6,195.41	5,992.00		[illegible]		
[illegible]	3/15/65	5,560.53	5,331.00		[illegible]		
[illegible]	3/15/65	3,050.97	3,105.52				
[illegible]	3/21/65	7,651.27	6,996.00		[illegible]		
[illegible]	3/23/65	3,599.73	3,547.00		52.67		
[illegible]	3/24/65	6,191.33	6,657.33				
[illegible]	3/29/65	3,965.35	6,527.96				
[illegible]	3/30/65	5,667.17	6,516.95		[illegible]		
[illegible]	[illegible]	5,500.00	5,516.76	[illegible]	[illegible]		
[illegible]	[illegible]	4,629.00	7,676.00		[illegible]		
[illegible]	[illegible]	9,316.60	3,209.68		116.72		
[illegible]	[illegible]	14,370.00	6,701.91	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	2,021.00		[illegible]		
[illegible]	[illegible]	5,140.00	9,310.00	1340.00	[illegible]		
[illegible]	[illegible]	5,765.00	9,310.00	1455.00	[illegible]		
[illegible]	11/3/65	2,562.00	2,012.50	10,963.6	550.50		

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DEFENDANT'S EXHIBIT 39

IV—Record Sheet for ___ Capital Gain and Loss Transactions

For Maintaining a Continuous Register as Sales are Made

Number of Shares or Amount of Bonds	Capital Assets: Description of Securities or Other Property Sold During the Year (Oil Co)	Purchase Data: Date Acquired Mo. Day Yr.	Purchase Data: Cost Price (Excluding Accrued Interest)	Sales Data: Date Sold Mo. Day Yr.	Sales Data: Sales Price (Excl. State Transfer Taxes and Accrued Interest)	Actual Gains or Losses: Actual Net Gains	Actual Gains or Losses: Actual Losses	Capital Gains and Losses: Short-Term (Held 6 Months or Less) 100% of Actual Gain or Loss: Short-Term Capital Gains	Short-Term Capital Losses	Long-Term (Held More than 6 Months) 100% of Actual Gain or Loss: Long-Term Capital Gains	Long-Term Capital Losses
—	CARRY FORWARD							6 888 80	6 296 04	12 862 64	7 432 21
500	McCulloch Oil Corp	10 25 65	10 911 00	11 15 65	10 935 46				(W) 15 54		
200	Western Petroleum	7 11 65	2 236 00	12 13 65	2 175 15			(X) 292 15			
C	Mo-West Inc	12 21 65	3 496 35	1 2 69	3 553 42				(X) 51 16		
50	Cecil Pet & Gas Co Sd	5 22 65	7 051 52	1 6 69	7 240 56			(W) 184 04			
200	Beckstein Mechanic	1 25 65	6 456 00	1 16 69	11 600 52					✓ 2 560 10	
200	Youngstown Sheet & Tube	5 21 65	8 103 13	1 16 69	9 331 69					✓ 1 226 56	
365	Asamera Oil Corp Ltd	12 31 65	7 191 25	1 23 69	7 688 83			(X) 497 58			
200	SMC Thrustbuilt Corp	10 25 65	3 500 00	1 25 69	3 517 50			(X) 17 50	(X) (W)		
100	Phillips Petroleum	12 19 65	6 095 00	1 29 69	5 999 52				95 15		
100	Cities Service Co	2 21 65	6 095 00	1 29 69	6 329 49					✓ 279 49	
C	Pure Petroleum	5 21 65	3 127 91	1 30 65	2 911 19						✓ 216 75
	Standard Oil of Ohio	12 3 65	5 516 76	1 31 69	9 155 69				(X) 1 361 12		
200	American Natural Gas Co	6 17 65	4 634 76	1 31 69	5 200 51					✓ 565 75	
200	Phillips Petroleum	5 26 65	7 146 10	2 12 69	9 409 30					✓ 2 258 20	
100	Union Carbide	5 25 65	7 271 23	2 19 69	9 339 15			(W) 1 835 10		✓ 2 103 20	
50	Placid Oil Mineral	12 19 65	3 785 15	2 19 69	3 171 36						✓ 614 31
00	Placid Oil Mineral	12 13 65	1 616 00	2 19 69	1 312 19				(X) 303 26		✓ 257 33
1000	Gulf Oil Corp	5 25 65	11 169 54	2 25 69	23 140 00					✓ 12 970 46	
				TOTALS				7 373	9 532	34 231	

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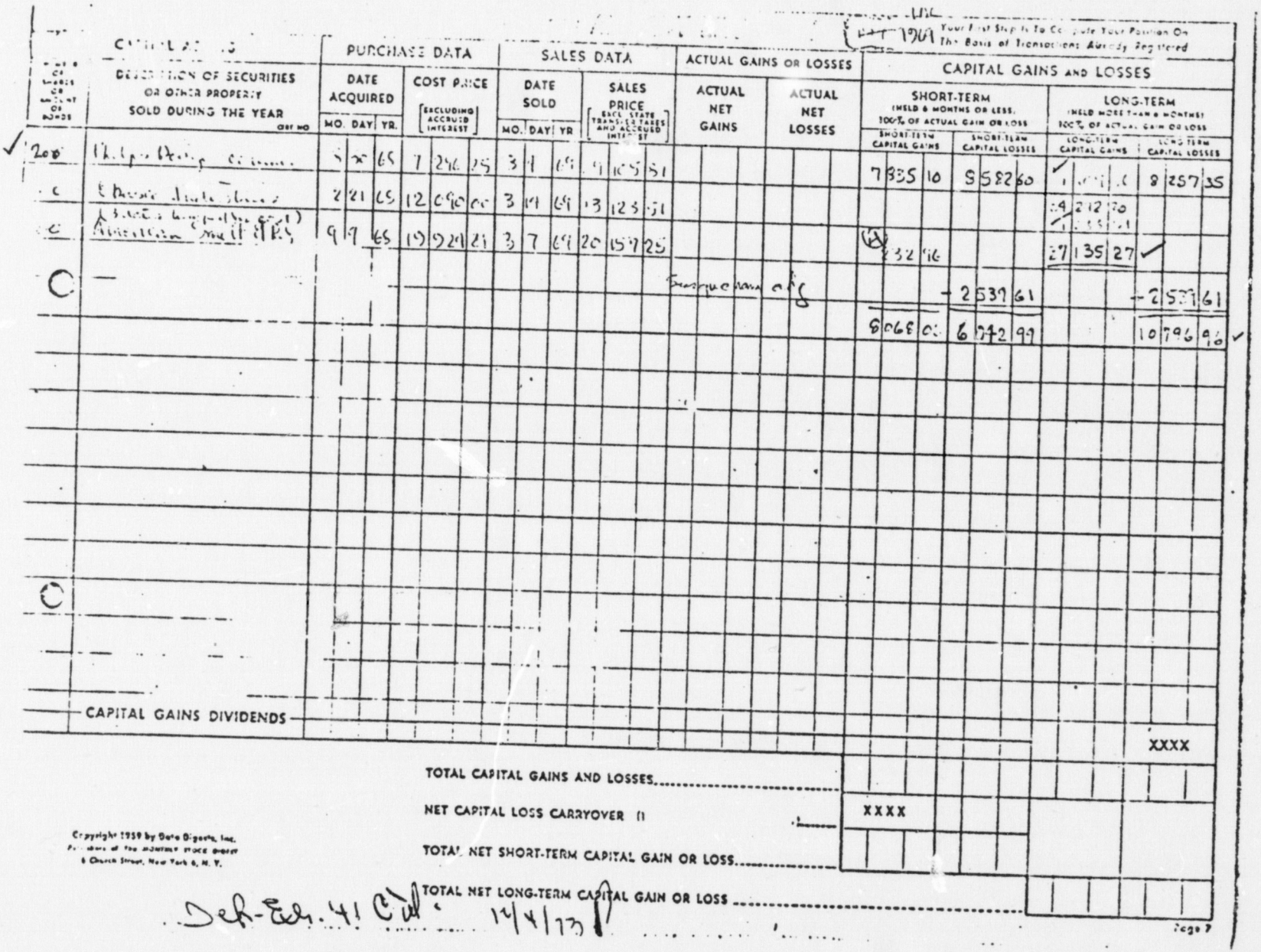
DEFENDANT'S EXHIBIT 39



CAPITAL GAINS

1969 Your First Step Is To Complete Your Position On The Basis of Transactions Already Registered

No. of Shares or Amount of Bonds	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (See No)	PURCHASE DATA: DATE ACQUIRED MO.	DAY	YR.	PURCHASE DATA: COST PRICE (EXCLUDING ACCRUED INTEREST)	SALES DATA: DATE SOLD MO.	DAY	YR	SALES DATA: SALES PRICE (EXCL. STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL GAINS OR LOSSES: ACTUAL NET GAINS	ACTUAL NET LOSSES	CAPITAL GAINS AND LOSSES: SHORT-TERM (HELD 6 MONTHS OR LESS. 100% OF ACTUAL GAIN OR LOSS) SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
200	[illegible]	5	26	65	7 246 25	3	4	69	9 165 51			7 835 10	S 582 60	✓ [illegible]	8 257 35
c	[illegible]	2	21	65	12 090 00	3	19	69	13 123 51					19 212 70	
c	[illegible]	9	9	65	19 924 21	3	7	69	20 157 25			(2) 232 16		27 135 27	✓
C	—									Bunker Ramo adj			- 2539 61		- 2539 61
												8068 05	6 272 99		10 796 96 ✓
C															
	CAPITAL GAINS DIVIDENDS														XXXX

TOTAL CAPITAL GAINS AND LOSSES.....

NET CAPITAL LOSS CARRYOVER (1) XXXX

TOTAL NET SHORT-TERM CAPITAL GAIN OR LOSS.....

TOTAL NET LONG-TERM CAPITAL GAIN OR LOSS .....

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FISCAL 1969 CONTINUED FROM PRECEDING PAGE

CAPITAL ASSETS		PURCHASE DATA		SALES DATA		ACTUAL GAINS OR LOSSES		CAPITAL GAINS AND LOSSES			
								SHORT-TERM (HELD 6 MONTHS OR LESS) 100% OF ACTUAL GAIN OR LOSS		LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS	
NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (SEE NO.)	DATE ACQUIRED MO. DAY YR.	COST PRICE (EXCLUDING ACCRUED INTEREST)	DATE SOLD MO. DAY YR.	SALES PRICE (EXCL. STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACCRUED ACTUAL NET INT GAINS	ACTUAL NET LOSSES INT INC	SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
	TOTALS BROUGHT FORWARD										
314	Reading & Bates 5½ cv '88	1 10 69	3 067 50	6 3 69	4 192 41	21 08	4 13	1 424 91 ✓			
100	U.S. Fid & Guaranty	3 19 69	7 271 23	6 10 69	7 182 50				89 73 ✓		
200	Tidepicture Common	2 14 69	5 000 00	6 17 69	5 565 00			565 00 ✓			
314	Reading & Bates 5½ cv '88	1 10 69	3 067 50	6 19 69	3 457 43	21 09	11 46	389 93 ✓			
300	Parke Davis common	6 6 68	9 617 07	6 18 69	8 595 25						721 82
200	Canadian Superior Oil com	7 3 69	8 128 26	6 13 69 (split)	8 334 70			206 44 ✓			
2	" " " "	7 23 69	6 645 55	6 12 69 (12 for 1)	9 757 56			2 111 65 ✓			
200	Tampax Incorporated	7 15 68	10 047 00	9 2 69	10 047 50						
100	Gulf U.S. Holding	5 1 69	2 833 00	10 19 69	3 632 54			799 54 ✓			
200	" "	4 17 69	4 937 38	10 14 69	7 265 09						
197	Anderson Engineering Co Inc		3 361 20	10 29 69	5 904 81	unrelw	6 [illegible]	5 737 ✓		2327 71 ✓	
2	Chris Craft Ind common	1 15 69	15 152 59	10 31 69	9 456 00					1601 61	
100	Atlantic Richfield com	1 15 69	9 450 00	11 17 69	9 746 00						98 59 ✓
										296 00 ✓	43 41 ✓
197	Anderson Engineering Co		1 970 00	10 29 69	3 961 20	unrelw	[illegible]			1991 20	
	CAPITAL GAINS DIVIDENDS										XXXX
	TOTAL CAPITAL GAINS AND LOSSES									6117 02	
	NET CAP[illegible]RYOVER (1)							XXXX			
	TOTAL NET SHORT-TERM CAPITAL GAIN OR LOSS										
	TOTAL NET LONG-TERM CAPITAL GAIN OR LOSS										

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CONTINUED FROM PRECEDING PAGE

NUMBER OF SHARES OR AMOUNT OF BONDS	CAPITAL ASSETS — DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (EXCL. NO.)	PURCHASE DATA — DATE ACQUIRED MO.	DAY	YR.	COST PRICE (EXCLUDING ACCRUED INTEREST)	SALES DATA — DATE SOLD MO.	DAY	YR.	SALES PRICE (EXCL. STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL GAINS OR LOSSES — ACTUAL NET GAINS	ACTUAL NET LOSSES	CAPITAL GAINS AND LOSSES — SHORT-TERM (HELD 6 MONTHS OR LESS) 100% OF ACTUAL GAIN OR LOSS — SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS — LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
	TOTALS BROUGHT FORWARD											5 797 50	83 72	6 117 02	6 [illegible] 241
100	National Health Enterprises	11	3	69	1 395 75	12	23	69	L 418 96			103 21 ✓			
100	Metro Incorporated	12	2	69	2 330 00	1	23	70	2 400 00			70 00 ✓			
100	" "	12	3	69	2 350 50	1	28	70	2 400 00			19 50 ✓		[illegible] 5	
60	First Mtge Inv. wts	1	18	69	1 625 00	2	2	70	2 500 00	($10 incl fee to Fid)		5 777 71		165 00	
200	Avnet	1	20	69	7 098 13	3	9	70	2 106 95				x		4 991 118
5M	Philip Morris 6 cv 94	11	11	69	6 300 00	3	9	70	6 274 87				25 13		
150	General Motors common		19	33	360 58	3	9	70	10 661 21 ✓					10 500 33 ✓	
10M	Cmo 6¼% cvs Dec	2	24	70	10 412 50	3	16	70	10 050 00	31 26	65 97		362 50		
100	Johnson and Johnson com			57	1 002 27	3	16	70	15 252 88 ✓					17 382 35 ✓ 19 [illegible] 61	11 443 59
200	LVO Corp	5	29	69	2 564 26	4	21	70	1 057 47				176 36		1506 79
100	Transcont'l Gas Pipeline	11	04	69	5 775 00	4	29	70	5 688 75				86 25		
1 call	100 OXY @ 25 exp 6/26/70	12	16	69	405 00	4	27	70	1 00	(contrib by ASEA - incl 60 f/c)			404 00		
2 call	100 OXY @ 25 2 exp 6/9/70	11	25	69	835 00	4	27	70	200				933 00		
100	Ensel Oil & Gas com	11	25	69	2 153 25	4	29	70	970 73				1 182 52		
	CAPITAL GAINS DIVIDENDS														XXXX
	TOTAL CAPITAL GAINS AND LOSSES														
	NET CAPITAL LOSS CARRYOVER (-)											XXXX			
	TOTAL NET SHORT-TERM CAPITAL GAIN OR LOSS											5 990 21	2982 13		
	TOTAL NET LONG-TERM CAPITAL GAIN OR LOSS													31 632 96	12 950 39

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DEFENDANT'S EXHIBIT 39

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FORM III—FINAL SCHEDULE of Capital Gains and Losses Realized During [illegible]

To Accompany Taxpayer's Final Income Tax Return

CAPITAL ASSETS		PURCHASE DATA		SALES DATA		ACTUAL GAINS OR LOSSES		CAPITAL GAINS AND LOSSES			
								SHORT-TERM (HELD 6 MONTHS OR LESS) 100% OF ACTUAL GAIN OR LOSS		LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS	
NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (SEE NO	DATE ACQUIRED MO. DAY YR.	COST PRICE (EXCLUDING ACCRUED INTEREST)	DATE SOLD MO. DAY YR.	SALES PRICE (EXCL. STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL NET GAINS	ACTUAL NET LOSSES	SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
36	Stokely Van Camp 5% '86	11 11 69	2685 00	4 28 70	1449 17	19 58	19 17	5 9 20 21	2 9 52 13	31 6 [illegible]	12 50 35
							←		1 2 35 03		
100	Canadian Superior Oil	2 9 69	6 195 15	4 28 70	2 274 70						3 20 45
											16 [illegible] 22
										1 1 76 2 12	
125	Textile E.L. Common	10 31 69	2983 75	4 28 70	1 290 59				1 6 9 2 91		
									5 9 1 0 07		
								80 14			

TOTALS CARRIED FORWARD TO REVERSE SIDE — FOR ENTRY ON SUMMARY .....

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DEFENDANT'S EXHIBIT 39

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Form 1-Sch. D Computing Capital Gains and Losses ALREADY LEARNED in 1971

Transaction Slips To Complete Year Portion On The Basis of Transactions Already Registered

CAPITAL ASSETS		PURCHASE DATA				SALES DATA				ACTUAL GAINS OR LOSSES		CAPITAL GAINS AND LOSSES			
												SHORT-TERM (HELD 6 MONTHS OR LESS. 100% OF ACTUAL GAIN OR LOSS		LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS	
NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (ENT. NO.)	DATE ACQUIRED MO.	DAY	YR.	COST PRICE (EXCLUDING ACCRUED INTEREST)	DATE SOLD MO.	DAY	YR.	SALES PRICE (EACH STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL NET GAINS	ACTUAL NET LOSSES	SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
—	—											3 214 87	13 755 36		25 269 62
100	Seaboard Coastline (short)	4	1	71	4 481 13	9	25	70	3 113 30				1 367 83		
199	Pargos common (short)	9	13	71	1 712 53	6	21	70	2 375 79				2 336 73	✓	
100	Seaboard Coastline	10	21	69	5 200 36	4	23	71	5 235 59					34 63	
—	PROPERTY SALE A/C													1 8 025 70	
—	CAPITAL GAINS DIVIDENDS														XXXX
	TOTAL CAPITAL GAINS AND LOSSES											3 214 87	17 492 92	1 8 059 33	25 269 62
	NET CAPITAL LOSS CARRYOVER											XXXX	3 214 87	92 790 71	
	TOTAL NET SHORT-TERM CAPITAL GAIN OR LOSS												14 278 05	14 278 05	
	TOTAL NET LONG-TERM CAPITAL GAIN OR LOSS													78 512 46	

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DEFENDANT'S EXHIBIT 39

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CAPITAL ASSETS		PURCHASE DATA		SALES DATA		ACTUAL GAINS OR LOSSES		TAC CAPITAL GAINS AND LOSSES			
								SHORT-TERM (HELD 6 MONTHS OR LESS) 100% OF ACTUAL GAIN OR LOSS		LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS	
NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (SEE NO)	DATE ACQUIRED MO. DAY YR.	COST PRICE (EXCLUDING ACCRUED INTEREST)	DATE SOLD MO. DAY YR.	SALES PRICE (NET AFTER STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL NET GAINS	ACTUAL NET LOSSES	SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
100	Seaboard Coastline Ind com (short)	8 27 70	2709 81	6 22 70	2709 68		Swd	188 83	0 13	Swd	3377 30
99	Seaboard World Air com (short)	8 25 70	597.86	6 24 70	623 54			25 68	7016	Swd	
295	Foxboro comm (short)	8 26 70	6630 52	6 22 70	6512 84	accrued int inc 46 67 33 15			11748		
3M	Helmerich & Payne cv 5½'87	8 15 69	2 847 50	9 16 70	2 966 20						421 30
100	Seaboard Coastline Ind com	11 15 68	5015 89	9 22 70	3120 05						1895 83
100	British Petroleum ADR	3 7 69	2192 63	10 9 70	1081 52						1111 11
100	Atlantic Richfield 2.50 cv pfd	11 17 69	6645 60	10 12 70	4537 90			214 87	7133 95		2107 10
50	Austral Oil com	9 12 69	1636 35	11 12 70	516 31						790 01
50	Canadian Superior Oil com	2 3 69	3122 60	11 12 70	1719 87						1402 73
50	Scope Inc com	2 19 69	3032 00	11 16 70	422 15						2609 52
100	British Petroleum ADR	3 7 69	2192 63	11 16 70	970 73						1221 10
90	Walco Nat'l Corp	7 18 68	2067 65	11 16 70	384 99						1682 66
97	Austral Oil (short)	2 22 71	1533 56	6 24 70	921 61				611 95		
99	Great Oil & Gas (short)	2 22 71	1112 54	6 24 70	575 09				537 75		
50	First Nat'l Cit. Corp (short)	3 9 71	3492 97	2 22 71	3348 43				1445		
50	Syntex Corp (short)	3 15 71	2739 22	6 24 70 3 15 71	1085 77				1653 45		
100	Foxboro common	10 7 68	5194 15	10 6 70	2547 94				10651		2646 21
199	Foxboro common (short)	4 1 71	7435 26	9 25 70 10 20 10	4543 22				2995 01		
50	Canadian Superior (short)	4 1 71	1961 35	6 22 70	1149 73				811 65		
	TOTALS CARRIED FORWARD TO REVERSE SIDE — FOR ENTRY OR SUMMARY							3 214 87	13 783 36		25 269 [illegible]

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DEFENDANT'S EXHIBIT 39

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CAPITAL ASSETS		PURCHASE DATA		SALES DATA		ACTUAL GAINS OR LOSSES		CAPITAL GAINS AND LOSSES			
								SHORT-TERM (HELD 6 MONTHS OR LESS) 100% OF ACTUAL GAIN OR LOSS		LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS	
NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (SEE INSTR. NO.)	DATE ACQUIRED MO. DAY YR.	COST PRICE (EXCLUDING ACCRUED INTEREST)	DATE SOLD MO. DAY YR.	SALES PRICE (NET AFTER STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL NET GAINS (INCLUDED IN COL. G)	ACTUAL NET LOSSES (INCLUDED IN COL. H)	SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
100	Seaboard Coast line Ind (short)	5 28 70	2935 14	5 15 70	3 25687				5 149 50		85 57
100	Wales Nat'l Corp (short)	5 28 70	1 152 38	5 2 70	1175 52			23 14			
50	Symbex com (short)	5 28 70	119 45	5 15 70	1 31356			126 11			
100	Gen'l Tel & Elect (short)	5 25 70	2565 81	5 11 70	2560 38			51 57			
16	Helmerich & Payne com (short)	5 28 70	1 27 25	5 15 70	1 35240			73 15			
100	Mesbral Oil com (short)	5 28 70	1 165 07	5 11 70	1 401 65			236 58			
100	Canadian Super. Oil (short)	5 28 70	1 812 13	5 15 70	2 126 82			314 69			
400	British Petrol - Adr new (short)	5 29 70	3 531 00	5 21 70	3 651 16			100 16			
140	Zurn Ind. com (short)	5 28 70	2 435 85	5 6 70	3 079 73			643 88			
300	Fox Case com	5 28 70	7 353 31	5 6 70	$139 81			1056 42			
4M	Zurn Ind 5¾% cv '94	5 6 70	3 415 00	6 24 70	3 01993	967	38 33		395 07		
5M	Reiex Corp 4¾% cv '94	10 29 69	4 612 50	6 24 70	2 866 16		112 40				1 746 34
2	Gen'l Tel & Elect 4% cv '90	11 24 69	3 995 00	6 24 70	2 562 43		58 57				1 112 57
3M	Balt & Gas 80 A 5½% cv '85	4 21 70	2 375 00	6 29 70	1 779 96	913	27 50		595 04		
6M	First Mtg Inv 6¾% cv 85	1 28 70	6 000 00	6 29 70	5 129 81		193 50		8 k 11		
98	Belle Gas & Oil (short)	7 23 70	915 16	6 24 70	901 06			2 996 63	8 10		5 377 32
50	Occidental Petr 3.60 cv pfd (short)	7 24 70	2 437 16	5 20 70	2 471 80			34 64			
300	Occidental Petr common (short)	7 24 70	1 791 13	5 19 70	5 002 05	?	?	207 62			
	TOTALS CARRIED FORWARD TO REVERSE SIDE — FOR ENTRY OR SUMMARY							3188 29			

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DEFENDANT'S EXHIBIT 39

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Part II – Detail of Capital Gains and Losses Realized During [illegible]

CONTINUED FROM PRECEDING PAGE

CAPITAL ASSETS		PURCHASE DATA				SALES DATA				ACTUAL GAINS OR LOSSES		CAPITAL GAINS AND LOSSES			
												SHORT-TERM (HELD 6 MONTHS OR LESS) 100% OF ACTUAL GAIN OR LOSS		LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS	
NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (SEE NO.)	DATE ACQUIRED MO.	DAY	YR.	COST PRICE (EXCLUDING ACCRUED INTEREST)	DATE SOLD MO.	DAY	YR.	SALES PRICE (EXCL. STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL NET GAINS	ACTUAL NET LOSSES	SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
	TOTALS BROUGHT FORWARD														
200	Barbaway Glass com	10	31	69	7 511 53	5	15	70	4 165 56						3 100 53
500	Hedge Inv. Group SBI	11	4	69	10 261 25	5	15	70	6 545 57						5 112 55
2	Pepsi com (short)	5	28	70	2 35 [illegible]	5	[illegible]	70	[illegible] 54				25 1 [illegible]	✓	
300	Gen Fin Sec (short)	5	27	70	12 [illegible] 75	[illegible]			11 651 65				1336 [illegible]	✓	
300	Ryder System Inc (short)	5	28	70	10 [illegible] 11	5	[illegible]	70	9 127 48				1 121 60	✓	
100	Carrier Corp (short)	5	28	70	3 [illegible] 69	5	[illegible]	70	2 [illegible] 10 13				172 56	✓	
100	Cheesebrough Pond's com (short)	5	28	70	3 507 75	5	[illegible]	70	3 715 04				254 71	✓	
100	Floor Corp (short)	5	25	70	2 [illegible]	[illegible]	[illegible]	70	2 [illegible] 00				131 00	✓	
100	Int'l Flav & F (short)	5	25	70	[illegible]	[illegible]	[illegible]	70	1 [illegible] 00				515 [illegible]	✓	
100	Kendall Mfg (short)	5	25	70	3 [illegible] 19	[illegible]	[illegible]	70	2 155 21				265 79	✓	
100	Square D Co (short)	5	28	70	1 855 25	5	[illegible]	70	1 955 71				129 54	✓	
100	Trans Union Co (short)	5	25	70	2 541 50	5	[illegible]	70	2 415 95				197 55	✓	
60	Atlantic Richfield com (short)	5	28	70	3 [illegible] 31	5	15	70	2 [illegible] 39				51 92	✓	
200	Anaconda (short)	5	28	70	4 911 50	5	15	70	1 516 87				90 61	✓	
	CAPITAL GAINS DIVIDENDS														XXXX
	TOTAL CAPITAL GAINS AND LOSSES												5 149 [illegible]		[illegible] 518 41
	NET CAPITAL LOSS CARRYOVER											XXXX			
	TOTAL NET SHORT-TERM CAPITAL GAIN OR LOSS														
	TOTAL NET LONG-TERM CAPITAL GAIN OR LOSS														

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DEFENDANT'S EXHIBIT 40

(1) Number of Shares	Name of Security	Property (Not Capital Assets)	Securities (Capital Assets)	Property (Capital Assets) (3 or 4)	BOUGHT (5) Date	BOUGHT (7) Cost	(QUARTERLY) (9) 1st	2nd	3rd	4th	Total	(3)
100	[illegible]				3/14/60						CHASE	
514	[illegible]				3/16/60			←			CHASE	
100	[illegible]				3/21/60						CHASE	
1	[illegible]										—	
100	[illegible]				4/14/60						—	
100	[illegible]				4/21/60						CHASE	
400	[illegible]				4/28/60	✓	down	[illegible]		[illegible]	[illegible]	
4	[illegible]				5/2/60						—	
50	[illegible]				5/5/60						CHASE	
100	" " "				5/5/60						"	
100	[illegible]				5/6/60						—	
150	[illegible]				5/10/60						CHASE	
514	[illegible]				5/10/60	→		←			CHASE	
619	[illegible]				5/25/60	→		←			PASE	
150	[illegible]				5/26/60						CHASE	
100	[illegible]				5/26/60						PASE	
300	[illegible]				5/26/60						PASE	
100	[illegible]				5/26/60						LOSS	
100	[illegible]	TP	[illegible]	[illegible]	5/26/60						CHASE	
50	[illegible]				5/26/60						CHASE-LOSS	
100	[illegible]				5/26/60						PASE	
100	[illegible]				5/26/60						LOSS	
100	[illegible]				5/26/60						—	
200	[illegible]				5/26/60						[illegible]	
200	[illegible]				5/26/60						"	
100	[illegible]				5/26/60						—	
611	[illegible]				5/26/60		(99.67)			111.75	CHASE	
100	[illegible]				5/26/60							

(1) Number of Shares	Date	(4) Sales Price	(5) Cost Basis	GAINS (6) Long Term	GAINS (7) Short Term	LOSSES (8) Long Term	LOSSES (9) Short Term
100	3/1/60	4,490.11	4,[illegible]	20.51			
514	3/14/60	5,587.35	5,954.15			[illegible]	[illegible]
150	3/21/60	7,458.21	5,954.15	20.37			
4	3/24/60	190.29	[illegible]	[illegible]			
120	3/24/60	5,290.59	4,[illegible]	[illegible]			
100	3/28/60	4,414.53	5,244.50	329.50			
200	3/28/60	8,515.17	5,[illegible]	2,010.67			
4	3/28/60	117.28	—	117.2			
50	4/1/60	1,304.12	1,[illegible]			70.45	
100	4/4/60	3,845.99	3,886.[illegible]			40.45	
100	4/11/60	5,375.46	2,431.[illegible]	[illegible]			
150	4/11/60	4,655.[illegible]	3,761.91	893.21			
514	4/12/60	7,200.00	7,[illegible]	514.[illegible]			
619	4/18/60	6,564.55	[illegible]				[illegible]
150	4/21/60	1,990.97	5,264.91	225.[illegible]			
100	4/26/60	2,731.[illegible]	2,795.21				57.25
300	4/26/60	2,310.51	2,925.75				[illegible]
100	4/26/60	5,520.53	[illegible]		117.[illegible]		
100	5/6/60	2,245.00	3,[illegible]			←	[illegible]
50	5/6/60	6,953.30	6,951.93		.93		
100	5/6/60	6,774.03	2,178.[illegible]	[illegible]			
100	5/16/60	2,918.50	2,908.38		40.12	[illegible]	
100	5/16/60	2,960.91	[illegible]			[illegible]	
200	5/16/60	3,345.22	[illegible]	[illegible]			
200	5/16/60	[illegible]	[illegible]	[illegible]			
100	5/16/60	3,110.15	3,[illegible]	76.15			
611	5/16/60	9,524.57	7,[illegible]	[illegible]			
100	5/16/60	3,620.11	[illegible]				[illegible]
...	...	...	...	[illegible]	[illegible]	[illegible]	[illegible]

DEFENDANT'S EXHIBIT 40

582a

Form 1 - FINAL SCHEDULE of Capital Gains and Losses Realized During 1969 AL — To Accompany Taxpayer's Final Income Tax Return

CAPITAL ASSETS		PURCHASE DATA		SALES DATA		ACTUAL GAINS OR LOSSES		CAPITAL GAINS AND LOSSES			
								SHORT-TERM (HELD 6 MONTHS OR LESS) 100% OF ACTUAL GAIN OR LOSS		LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS	
NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (List No)	DATE ACQUIRED MO. DAY YR	COST PRICE (EXCLUDING ACCRUED INTEREST)	DATE SOLD MO. DAY YR	SALES PRICE (EXCL. ESTATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL NET GAINS (INCLUDE LOSS CARRY-OVER)	ACTUAL NET LOSSES (INCLUDE LOSS CARRY-OVER)	SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
100	New Britain Machine Cash for 105 sh Allen "20 Co" B	4 5 65	4 390 15	1 3 69	6 255 96					1 865 21	
100	Youngstown Sheet & Tube	5 17 65	3 935 50	1 16 69	4 669 57					726 57	
100	Aramco Oil Corp Ltd	12 31 65	2 304 15	1 23 69	2 562 94			258 19			
100	Parke Davis & Co	6 6 65	3 297 51	2 3 69	2 911 19						356 62
100	Reading & Bates Offs Dr Ltd	12 3 65	2 905 35	1 31 69	2 227 52				650 56		
50	Continental Ins Co	5 26 65	6 951 42	1 31 69	7 669 54			58 12			
100	AMF common	6 17 65	2 317 35	1 31 69	2 660 25					292 87	
200	Phelps Dodge	5 13 68	7 271 23	2 14 69	9 379 43					2 108 20	
150	First Mtg Inv CBI	1 17 65	5 096 25	2 26 69	11 402 00					6 305 75	
361	Mut Fds Inc Fund Inc Shs	5 16 65	3 967 50	3 4 69	4 732 40	18 96 (25 ⇒)	25 52			764 90	
100	Amer Stock Exch	9 9 65	6 395 35	3 7 69	6 719 08			323 73			
211	Reading & Bates 5½ cv Subs	1 10 61	2 045 00	6 3 69	2 994 54	14 05	2 95	941 44			
100	Parke Davis common	5 24 65	3 159 63	6 17 69	2 961 44						298 19
211	Reading & Bates 5½ cv Subs	1 10 61	2 045 00	6 2 69	2 859 95	14 06	7 94	244 95			
100	Consolidated Cigar Co	7 3 69	4 014 13	6 13 69	4 167 35 (short)			103 22			
100	" " "	9 23 69	3 322 99	6 12 69	4 378 18 (short)			1055 84			
100	Gulf Life Holding	9 7 69	2 168 69	10 14 69	3 632 71					1 164 10	
100	Erie Service Exchange	1 15 63	7 571 83	10 31 69	4 725 00						3 146 83
200	Hooker Chemical Corp Conv Pref Stock 5%	3 4 65	7 676 00	11 13 69	9 718 21					7234	
	TOTALS CARRIED FORWARD TO REVERSE SIDE — FOR ENTRY OR SUMMARY							2993 97	650 56	13 338 66	2 031 64

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DEFENDANT'S EXHIBIT 40

(Attach this page to your return)

Part I — SCHEDULE D Capital Gains and Losses Received During 1969

CONTINUED FROM PRECEDING PAGE

NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR	PURCHASE DATA: DATE ACQUIRED MO.	DAY	YR	PURCHASE DATA: COST PRICE (EXCLUDING ACCRUED INTEREST)	SALES DATA: DATE SOLD MO.	DAY	YR	SALES DATA: SALES PRICE (EXCLUDING STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL GAINS OR LOSSES: ACTUAL NET GAINS	ACTUAL NET LOSSES	CAPITAL GAINS AND LOSSES: SHORT-TERM (HELD 6 MONTHS OR LESS) 100% OF ACTUAL GAIN OR LOSS: SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM (HELD MORE THAN 6 MONTHS) 100% OF ACTUAL GAIN OR LOSS: LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
	TOTALS BROUGHT FORWARD											2 993 99	680 56	13 227 66	3 833 64
50	Atlantic Richfield com	1	15	69	4 725 00	11	17	69	4 913 55					188 55	
100	Carolina Sprinkler Corp	2	1	69	6 195 15	12	16	69	2 650 25				3 549 90		
	NET GAIN (Loss, plus carried with the new this [illegible] additional figure)									aging period re- exceeded which shorts were covested					
100	Exxaco Company	5	13	65	1 516 35	12	15	69	3 135 30						1 351 05
100	Anaconda Company	12	19	65	6 052 51	12	15	69	2 737 31						3 345 23
100	Avnet Inc common	1	16	69	3 674 69	12	15	69	1 115 53						2 559 16
100	British Petroleum ADR	3	7	69	4 309 51	12	15	69	2 351 52						1 957 99
100	LVO Corp common	5	21	69	1 252 13	12	15	69	752 60						499 53
	CAPITAL GAINS DIVIDENDS														XXXX
	TOTAL CAPITAL GAINS AND LOSSES											2 993 99	4225 46	3408 24	13 571 33
	NET CAPITAL LOSS CARRYOVER											XXXX	2 993 99		13 408 24
	TOTAL NET SHORT-TERM CAPITAL GAIN OR LOSS												1231 47		
	TOTAL NET LONG-TERM CAPITAL GAIN OR LOSS														163 09

add in TAC's FROM

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ASEA

Form III – FINAL SCHEDULE of Capital Gains and Losses Realized During 1970

To Accompany Taxpayer's Final Income Tax Return

CAPITAL ASSETS		PURCHASE DATA		SALES DATA		ACTUAL GAINS OR LOSSES		CAPITAL GAINS AND LOSSES			
								SHORT-TERM (HELD 6 MONTHS OR LESS 100% OF ACTUAL GAIN OR LOSS		LONG-TERM (HELD MORE THAN 6 MONTHS 100% OF ACTUAL GAIN OR LOSS	
NUMBER OF SHARES OR AMOUNT OF BONDS	DESCRIPTION OF SECURITIES OR OTHER PROPERTY SOLD DURING THE YEAR (SEE INS)	DATE ACQUIRED MO. DAY YR.	COST PRICE (EXCLUDING ACCRUED INTEREST)	DATE SOLD MO. DAY YR.	SALES PRICE (EXCL. STATE TRANSFER TAXES AND ACCRUED INTEREST)	ACTUAL NET GAINS (EXCESS)	ACTUAL NET LOSSES (EXCESS)	SHORT-TERM CAPITAL GAINS	SHORT-TERM CAPITAL LOSSES	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL LOSSES
102	Dictaphone, Inc. comm	11 15 67	2 125 00	1 28 70	2 400 00			272 00			
200	First Mortgage Inv	9 9 69	3 600 00	3 10 70	4 180 50					1 380 50	
5M	CMO 6¼% Cvs 1990	2 24 70	5 200 00	5 16 70	5 025 00	15 63	32 87		17 50		
100	Brockway Glass Conv (short)	11 25 69	3 136 50	5 15 70	2 225 37				1 781 13		
100	Ryder System Inc	5 25 70	3 520 38	5 26 70	3 132 74				387 64		
30	Atlantic Rich Co (short)	5 25 70	1 516 97	5 15 70	1 472 22				35 15		
60	Gen'l Tel & Elec Conv (short)	5 28 70	1 514 78	5 11 70	1 526 21			11 43			
100	Seaboard Coast Line Indus (short)	5 29 70	2 935 91	5 15 70	3 257 12			321 15			584a
100	Georgia Pacific Corp (short)	5 27 70	4 305 25	5 26 70	3 828 23				476 02		
5M	Gen'l Tel & Elec 4½ cv 70	7 17 69	2 437 50	6 24 70	1 782 95		35 31				717 5
5M	First Mtge Inv 6¾% cv 85	1 28 70	5 000 00	6 21 70	1 271 11	14 06	161 25		725 89		
30M	AFC Educ		30 000 00	7 31 70	29 250 00				3 519 23		750
50	Avon Prod (short)	8 24 70	3 450 69	6 24 70	3 752 76			266 07			
50	Itek Corp (short)	5 29 70	3 476 63	6 29 70	1 324 57			345 24			
95	Seaboard World Airl Corp (short)	5 25 70	591 55	6 24 70	617 57			25 70			
100	Seaboard Coast Line Indus (short)	5 27 70	2 709 51	6 2 70	2 709 85			0 07			
10	AFA Services (short)	11 24 70	1 185 18	11 16 70	1 113 76				76 42		
75	Georgia Pac Sic (short)	11 29 70	3 995 61	11 16 70	3 851 37				144 24		
								1 244 69	3 733 83	1 380 50	1 467 5

→ TOTALS CARRIED FORWARD TO REVERSE SIDE — FOR ENTRY OR SUMMARY

DEPARTMENT'S EXHIBIT 40

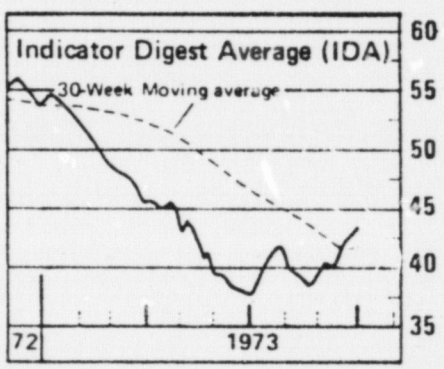
Page

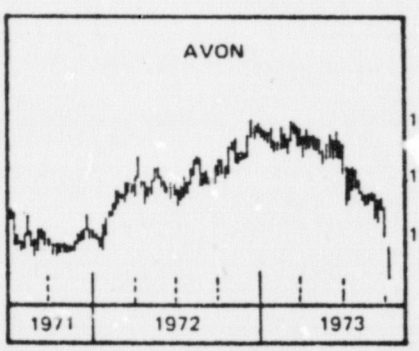
DEFENDANT'S EXHIBIT 41

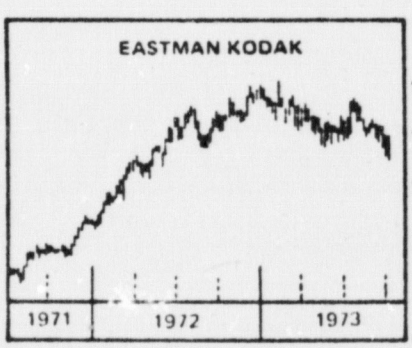
indicator digest ID

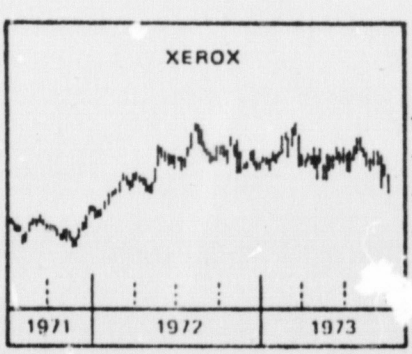
A COMPREHENSIVE SURVEY OF STOCK MARKET, BUSINESS AND MONETARY INDICATORS

FIRST OCTOBER ISSUE OCTOBER 5, 1973









IDA (10/4) $44.01 DJI (10/4) 955.90

NEW LEADERSHIP

Thanksgiving may come a little early this year -- except perhaps for the followers of the "one-decision stock" concept. The once-exalted "top-tier" stocks are looking progressively toppier as the supposed invulnerables crumble. Look at these charts of Xerox, Avon and Kodak and contrast their action with that of the entire NYSE, as reflected by our IDA. While IDA is emerging from a major base, these "Super-Glamours" are coming under intense selling pressure. The carnage doesn't stop there. In the last few days Simplicity and Procter and Gamble also became candidates for membership in the Breakdown Club. At the risk of sounding repetitious, we continue to warn against this still highly vulnerable area.

There's a different story in the vast majority of stocks. What we are seeing is not only the best rank-and-file action of 1973, but the best for some time prior to that. For a comparable, broad-based and sustained advance we must go back to the recovery from 1971's November low.

One of the most dependably bullish signs during this advance has been the tendency of volume to contract on down days (what few there have been) and to mushroom on up days, suggesting that the potential gains are far from being exhausted. Also signalling higher stock prices is the mutual fund cash position, discussed on page 2. This indicator takes its place alongside the other indicators featured in recent issues of Indicator Digest whose previous spike signals coincided with market bottoms. IDA is also tripping the light fantastic, having moved up an impressive 16% from her July low. An ever-increasing array of indicators is coming "front and center" to sound off good news.

The High/Low Differential (discussed on page 3) is getting to look more and more like mid-1970. The Advance/Decline Line continues pushing ahead, and Strong Groups have explosively expanded to a 79% rating -- from the 12% of just two months ago. Getting it all together, our Composite Index which encompasses the most important longer-term indicators now stands at a very bullish 88% -- a level we haven't seen in over two years. Nevertheless, it's important to be selective despite the substantial market improvement. Maximum performance will demand very careful selection of stocks and groups. Some cyclical industries still look good, and the low multiples available there will limit risk. At the moment, Chemicals are one of the best-situated and are likely to receive a continued strong play. Electronic stocks should provide traders with some of the best action right now.

But the market does not go straight up indefinitely -- and a near-term correction would be both normal and healthy. Now the 10-Day A/D has reached overbought levels, and the Specialists have started to short rather substantially again. The immediate outlook is for a market breather -- but it should be considered a timely opportunity to do additional buying for the upmove which is still unfolding. Stand ready to snap up stock from the nervous nellies who don't believe this rally is for real. For well chosen issues, the party has just begun.

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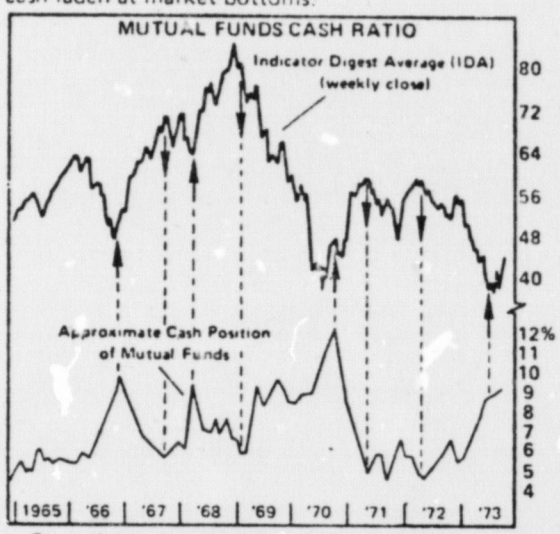
PALISADES PARK, NEW JERSEY 07650

Def-Ex. 51
Date 12/4/73

FUND LIQUIDITY

If a picture is worth a thousand words, a glance at the chart below may be enough to negate a thousand mutual fund sales brochures. It clearly demonstrates the remarkable capacity of many fund managers to be most heavily invested at market tops and to be caught cash-laden at market bottoms.



So reliable is this phenomenon that the Mutual Funds Cash Ratio has become an important market indicator. When cash declines below 6% of total fund assets, it is a warning signal – as witness the early 1969 alert that the Indicator Digest Average's 1968 historic high was topping out, and the flashes in 1971 and 1972 which came in ahead of sharp selloffs.

Even more reliable are the bullish implications of a high Cash Ratio. No less than other investors, the funds tend to sell on the way down, accumulating their greatest cash hoard right at the bottom. When the market turns, they scurry to get back aboard, along with their cousins the banks and other institutions. That can be enough to send the market upward in a frenzy, as in the recovery from the 1970 lows. Mutual fund cash at a spectacularly high 12% provided additional confirmation to the High/Low and other signals of that market turn. Earlier, Cash Ratios near the traditional bullish level of 9.5% foretold the strong markets of 1967 and 1968.

Now, after a long period of backing and filling at fairly low levels, mutual fund cash has again moved significantly higher. In May we called attention to a strong rise in cash already taking place. That turned out to be an early indication of the current market improvement. Fund cash has continued to climb, reaching 9.2% at the latest report. That is the best reading since 1970 – and close enough to the other historical highs to provide firm backing for the recent market improvement.

GOLD GLEANINGS

Amidst great publicity, the annual conference of the International Monetary Fund came and went in Nairobi. When it was finished, as far as the future role of gold in the monetary scheme, everyone seemed to know about as much as they knew before. Despite some of the theories put forth by erudite monetary observers, the almost complete disagreement of the 126 member countries of the Fund underlines the powerful political forces which operate to block any real solution to the international monetary problem. Next round: July, 1974.

Because little was resolved at the meeting, the price of gold has moved back to its $100 niche after having dropped to $95. The South African mines continue to sell practically all of their gold output at the free market price and will probably average better than $90 per ounce for their production.

Union Corporation, which obtained 43 percent of its 1972 dividend from gold – and is also benefitting from the platinum boom – reported half year profits of $18.8 million compared to $14.2 million a year ago. The first half dividend was raised to $0.10 vs. 1972's $0.07 . . . Because of the time lag between production and realization of profits, Anglo American Corporation's anticipated increase in dividends will not be reflected until the second half of the year. First half earnings did come through at a healthy $40 million compared to 1972's first half of $34 million . . . Hartebeestfontein's dividends for the year ended June 30, 1973 amounted to $1.50. Comparison with the previous year is not appropriate because the Zandpan operations were acquired in July 1972 and results for the year reflect the combined group. With Zandpan under its wing, Hartebeestfontein now has a life expectancy of 15 to 20 years . . . Western Areas and Elsburg are discussing a possible merger. A detailed study is being made of the advantages of such a move.

RECOMMENDED PORTFOLIO POLICY

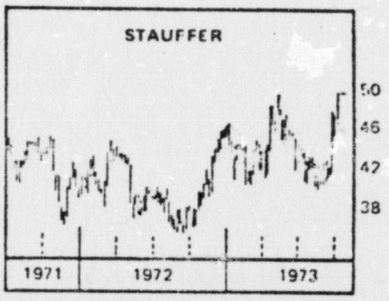
NATURAL RESOURCES	20%
LOW P/E GROWTH STOCKS	35%
DEFENSIVES	10%
CYCLICALS	25%
LIQUID ASSETS	10%

The market action of the last few weeks, and the substantial improvement in the major indicators, calls for a more aggressive portfolio policy. Some cutbacks are in order for the contracyclical Natural Resources category, as well as in Defensives. We've also made a reduction in Liquid Assets, reflecting recent buy recommendations – and suggest that still more of your cash reserves be employed as market dips provide good buying opportunities.

We're recommitting freed-up funds to the Low P/E Growth Stocks and Cyclical categories. These are the sectors to which big money is now gravitating, as investors seek performance without the inordinate risk of the high flyers.

DEFENDANT'S EXHIBIT 41

AGRI-CHEMICALS – A Growth Story



The market continues to delve into previously neglected areas to uncover new growth opportunities, particularly those with limited risk. A prime example is the Agri-Chemical industry, whose vastly improved results were ignored until very recently. The upshot is that these stocks are still available at very reasonable multiples based on historical precedent. What's more, these are the sort of stocks that the big institutional investors can easily and safely buy – making them an attractive haven for funds seeking escape from the crumbling high-multiple sector.

This big-time support is part of our reason for thinking that many "basic industry" issues have just begun their moves. Further, companies like the Chemicals have excellent potential based on full use of their capacity – some of which has been "excess baggage" until recently. Even the slight economic slowdown which could be in the works during the next year or so should have little effect – mainly allowing the major producers to catch up with current excess demand.

For companies involved in the agricultural area, there is an extra bonus. The doctrines of that dismal but astute philosopher Malthus suddenly are very pertinent again. There is a world food shortage of alarming proportions . . . it seems up to U.S. agriculture to make up much of the shortfall – and up to U.S. industry to supply a good part of the chemical product needed to assist both domestic and overseas harvests. Some 25 million additional acres of land have already been put back into production, and more are on the way. Fertilizer usage has already jumped and further gains are coming since the new land is generally marginal and must be heavily fertilized. The situation for agricultural chemicals other than fertilizers is equally bullish, providing an ideal scenario for **Stauffer Chemical Co.** (NYSE–STF–49-7/8).

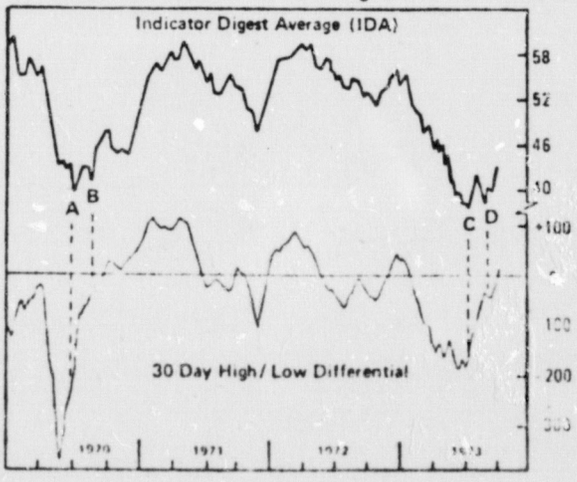
Agricultural chemicals not only account for a solid 20% of Stauffer's sales, but the company is concentrated in high-margin lines, particularly herbicides. In both herbicides and pesticides, Stauffer has several effective proprietary products which give it a strong marketing edge. Fungicides, fertilizers and animal health care products round out the diversified agricultural line.

In industrial chemicals, Stauffer produces standard items like sulfuric acid, chlorine and caustic soda – but is reducing its dependence on these and concentrating on still more profitable specialty and proprietary products. These include flame retardant chemicals, special lubricants and silicones. Through acquisitions, Stauffer has achieved a strong position in the plastics field – where soaring demand is producing lush profits.

Stauffer's earnings climbed last year to a fully diluted $3.17 per share (from $2.38). For the first six months of 1973, net leaped to $2.63 from $1.67 – and further good gains are anticipated. At current prices the stock is selling at only 11 times our $4.40 estimate for the year. That's near the low end of the historical P/E range, and very reasonable for a company with Stauffer's prospects. We think the stock will make an excellent portfolio companion for Diamond Shamrock, the similarly-situated Chemical issue recommended in our September 28 Special Stock Supplement.

POINTING HIGHER

One of the best gauges of the market's real health is the relative number of new highs and new lows it produces. Unless a substantial number of stocks are popping to new yearly highs, the market is probably suffering from internal weakness regardless of what the Dow Industrials may be saying. A perfect case in point is the unusually low number of new highs made in the broad market as the DJI soared to its all-time high last December and January. This dearth of back-up performance was an early indication that the move was suspect.



On the other hand, a shrinking number of new lows coupled with a subsequent expansion of new highs is an excellent tip off that market storms are clearing. This interpretion is tracked via an indicator that reflects the balance of these opposing forces. To smooth out the trend, we use a 30-day Moving Average of the NYSE High/Low Differential (which registers the net difference between new yearly highs and lows on the big board).

The chart demonstrates how the action of this indicator can reveal the pent up internal market

(Continued on Page 7)

DEFENDANT'S EXHIBIT 41

MARKET INDICATORS

One after another, the individual indicators are falling into place. Right in step is the tremendous strength being shown by our Composite. And, best of all, is the broad strength being shown by IDA as she sprints along, outpacing the DJI day after day.

IDA'S 30-WEEK MOVING AVERAGE – Having exceeded her M.A. (at $41.32) by more than 2% (something she couldn't achieve on any other rally this year), this very important indicator is favorable.

WEEKLY ADVANCE/DECLINE LINE moved to a new recovery high as the 10-Week Moving Average turned upward – favorable.

DJI 30-WEEK MOVING AVERAGE – The Dow catapulted past its M.A. at 915 – turning this indicator favorable for the first time since last February.

233 KEY STOCKS darted up into favorable territory, with 56% of these important stocks now positive.

POINT & FIGURE CUMULATIVE A/D (DAILY) has now crossed above its July peak, which not only turns this indicator favorable, but completes a major base formation.

30-DAY HIGH/LOW DIFFERENTIAL, at plus 12, has moved into favorable territory, flashing yet another confirmation of this rally's substance (see article on Page 3).

MOMENTUM INDEX is starting to show some improvement. However it is still in negative territory (minus 89) and unfavorable.

ODD-LOT INDEX remains very favorable, as the odd-lotters continue to step up their selling on this rally.

CONFIDENCE INDEX, which has been favorable since last April, moved up further to 93.3. Reaching 95.0 would be an additional sign of strength.

ODD-LOT SHORT SALES RATIO dipped to 0.85%. Considering the minimal size of the decline, as well as the fact that drops on rallies are normal, it remains neutral.

SPECULATION INDEX advanced somewhat, but at 16% it is still very low and favorable.

DJI SHORT INTEREST RATIO moved up sharply to 0.81% – favorable.

DOW JONES INDIVIDUAL STOCK INDEX remains favorable as it continues to power ahead. There are now 24 blue chips in uptrends, and only 6 in downtrends.

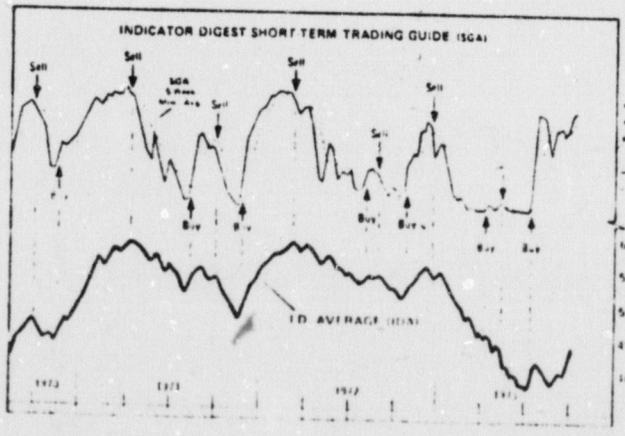
SPECIALIST SHORT SALES RATIO moved up to a relatively high 61%. However, it is still below the 65%-67% warning level – neutral.

MOST ACTIVE STOCKS (MAS), which turned favorable last week, has now powered ahead to a very strong +34.

I.D. GLAMOUR AVERAGE, at 221, is lagging badly. Since our last issue, the DJI has moved up 4%, IDA advanced an even more impressive 6%, but our Glamour Average moved lower. This is still not the place to be.

I.D. COMPOSITE INDEX, as we reported in our Interim Bulletin, has turned favorable. It is now at an even healthier 88%, the best reading in over two years.

SHORT-TERM TRADING GUIDE (SGA)



In the last two weeks, our Short-Term Trading Guide (SGA) climbed 16 points to plus 34 – remaining well ahead of its Moving Average (now plus 23). The reading therefore continues favorable. SGA is showing the kind of action usually seen when the market moves on very solid ground.

In our last issue we said that further improvement in SGA would not only be good news for the market as a whole, but would also point to a revival in the higher grade speculatives. That is exactly what seems to be happening. So far it's tentative and very specialized – but the recent ecstatic behavior of Electronics stocks demonstrates the potential for the best-situated speculatives.

DEFENDANT'S EXHIBIT 41

SURVEY OF 100 INDUSTRY GROUPS

	Current	*Previous*
Strong Groups	79%	42%
Neutral Groups	10%	20%
Weak Groups	11%	38%

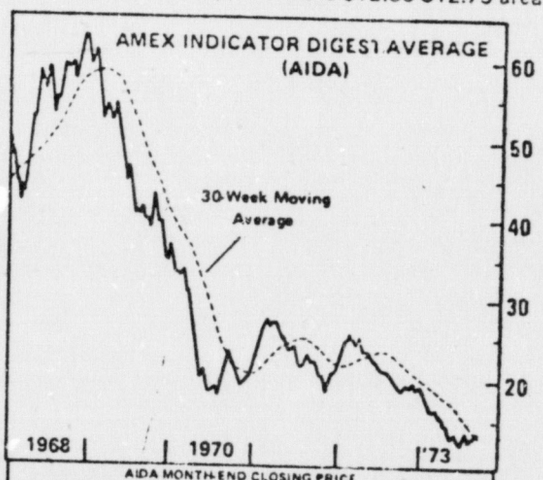
For the first time this year, Strong Groups have moved above the 60% level, an important technical benchmark. What's more, they are displaying the kind of vigor seen only on significant rallies. The last two times this category moved up with such force were September, 1970 and in December, 1971, preceding a powerful advance.

The Ten Strongest Groups (for the past few weeks) were:

1. STEEL (Bethlehem Steel, McLouth)
2. CRUDE OIL PROD (Apache, Helmerich & Payne)
3. ATOMIC ENERGY (EG&G, Utah Int'l)
4. CONGLOMERATES (City Investing, Textron)
5. SAVINGS & LOAN (Fin Federation, Great West Fin)
6. COAL (No Amer Coal, Fittston)
7. SPECIALTY MACH (Joy, USM Corp)
8. AUTOS (Amer Motors, Ford)
9. HOTEL-MOTEL (Holiday Inns, Ramada Inns)
10. ELECTRONICS (Fairchild Camera, Sprague)

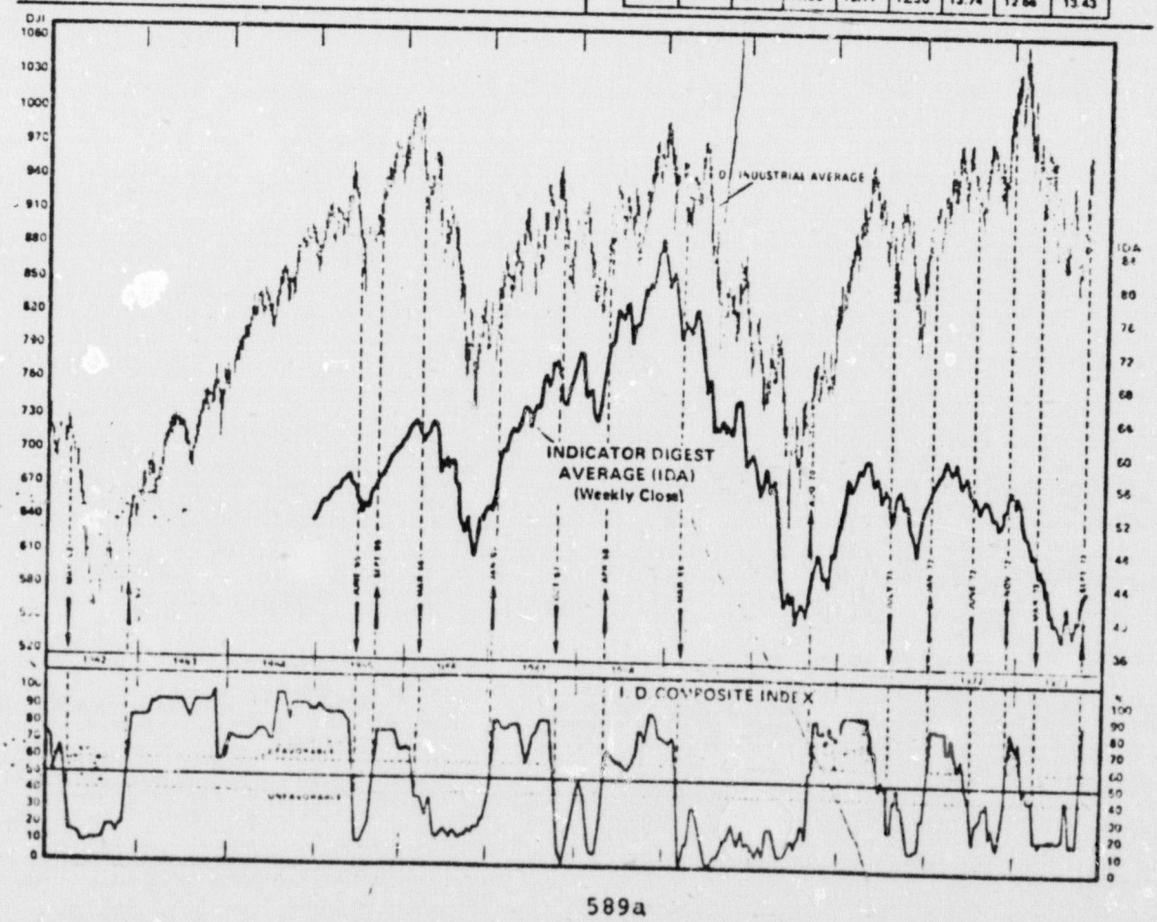
AMEX INDICATOR DIGEST AVERAGE (AIDA)
(1200 Amex stocks unweighted)

AIDA continues to gradually edge ahead, but is still lagging behind the Big Board stocks (IDA). She's just penetrated her Moving Average at $13.41 and is challenging her July high near $14. On any setback, AIDA should find support in the $12.50-$12.75 area.



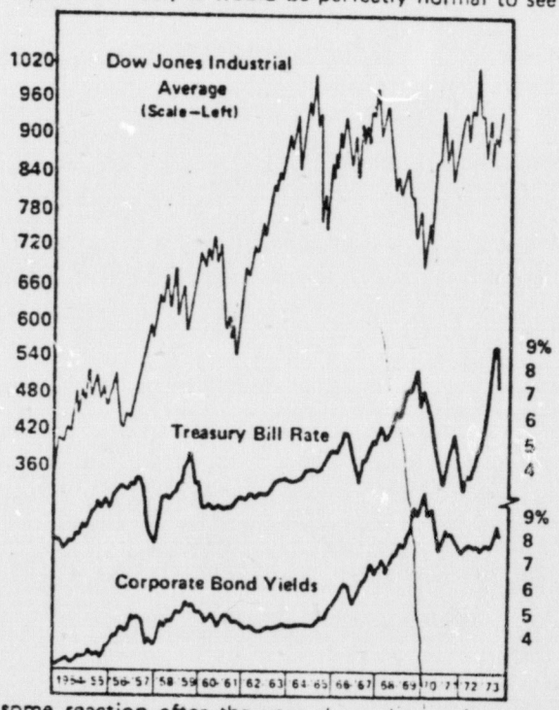
AIDA MONTH-END CLOSING PRICE

Jan 73	Feb 73	Mar 73	Apr 73	May 73	Jun 73	July 73	Aug 73	Sep 73
18.18	16.40	15.74	14.28	12.77	12.30	13.74	12.66	13.43



MORE ON MONEY

Overshadowing all other economic developments has been the recent abrupt decline in short-term interest rates. The downward swoop in rates has certainly been impressive, and it's convinced a lot of observers. Now, it would be perfectly normal to see some reaction after the very sharp drop we've been witnessing. Nonetheless, it hardly seems likely that we will get any extended resumption of high short-term interest – even though the long-term rates may take some time coming down. Short-term rates soared well above the peaks made during the 1969-1970 credit crunch (to the highest levels since the Civil War), while longer-term rates did not move up nearly as much. As might be expected, short-term rates have also moved faster on the downside.



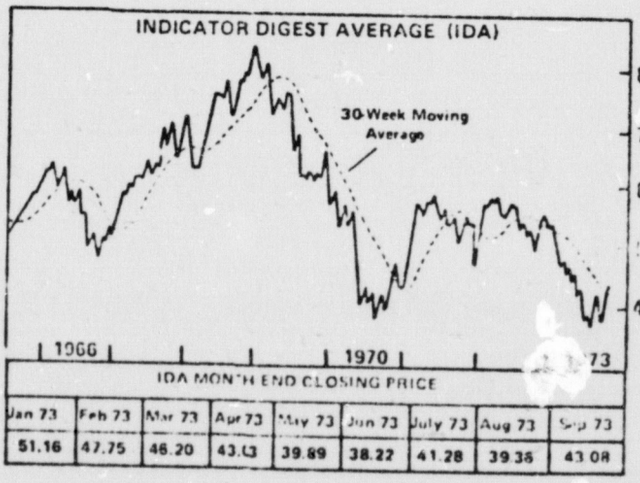
This drop was partly in response to Federal Reserve signals (particularly the purchase of sizeable quantities of T-bills) that the interest rate climb had gone far enough. The Fed's action was also backed up by a strong effort on the part of Treasury Secretary Schultz to "jawbone" rates down. It is much easier for the authorities to control short-term interest rates – through the Fed's hold on the Treasury bill market – than long-term rates. Further, the chart demonstrates that tops in bond rates tend to be more complex. Every recent top in bond yields was tested before the ultimate decline -- though this was not always true in the T-bill market. Finally, there are important forces which may work to keep bond rates relatively high – particularly the need for corporations to meet plant expansion commitments.

Inflation remains a spectre very much to be reckoned with – and while the Fed has demonstrated a desire not to let interest rates get completely out of hand it is also determined to slow inflation, and to do it through interest rates. The practical upshot of all this? We wouldn't aggressively pursue the current rally in either bonds or shorter-term instruments. Bond rates in the last few days have shown some signs of reacting upward again. We'd defer new commitments in anticipation of better yields not far down the road. For those readers who purchased the bonds or money-related stocks we have recommended in the last few weeks, we have dual advice. Traders should nail down some profits, while investors should hold for the very worthwhile additional gains which will come as interest rates stabilize at more normal levels.

INDICATOR DIGEST AVERAGE (IDA) (1500 NYSE stocks unweighted)

Our broad-based average has turned in an impressive performance. As anticipated, IDA climbed above her Moving Average – the first time that she's been in this favorable position since early this year. More important, IDA quickly outdistanced her M.A. by the two percent necessary to signal a major turn for the better. The broad list also cut right through important resistance at its July peak to clearly complete a bullish double-bottom formation – which takes on added significance since it was traced out in the same area as the 1970 bottom.

After such a powerful and sustained move as we've seen in the last few weeks, some reaction would be normal – but IDA should find good support in the $41-$42 area. Her next challenge is the $46 supply area.



IDA MONTH END CLOSING PRICE

Jan 73	Feb 73	Mar 73	Apr 73	May 73	Jun 73	July 73	Aug 73	Sep 73
51.16	47.75	46.20	43.63	39.89	38.22	41.28	39.35	43.08

DIGEST OF LEADING MARKET LETTERS AND BUSINESS PUBLICATIONS

The Bank Credit Analyst reports a noticeable improvement in most of their basic cyclical indicators over the past month. The service feels that the technical position of the market is once again strong, and any corrections in stock prices are not likely to be very great . . . John Schulz of *Trend & Value* thinks that, at this point, it's virtually necessary to assume that the overall stock price movement has started a new major uptrend. Schulz feels that any periods of consolidation will be brief, and expects no more than a 3%-4% correction over the near-term.

The Outlook believes that the market is well-launched on an extended advance, but some consolidation in the wake of the steep five week rise is possible. However, with the fears that were largely responsible for the market's earlier weakness – such as soaring interest rates, inflationary pressures and international monetary uncertainties – having now largely ebbed, the fundamental investment climate appears to justify greater confidence than in many months . . . *Tabell's Market Letter* was impressed with the recent strength which came on sharply-increased volume, and says their technical work strongly suggests vastly-improved market action for a whole host of cyclical commodity industries. Right now though, Tabell looks for a short-term decline which should logically follow the sharp advance of the past seven days.

The Granville Market Letter is convinced that the strength we're currently seeing is not just a rally in a bear market. Granville believes that the early 1973 correction was nothing more than a temporary decline in a long-term bull market which began in May of 1970. With the DJIA now well-above its 200-Day Moving Average, the bull market is back in high gear and the current upswing has a long way to go . . . *The Drew Odd Lot Studies* says that it has now become even clearer that the four-month period after May 21 constituted a strong base-building phase. While they can't tell for sure how far the advance will carry, it's a reasonable expectation that a preparatory base of such magnitude will result in considerably more than a one-month upswing.

According to *Dow Theory Forecasts*, there are indications that the bear market may be over. However, the service cautions that the market has already had a strong rally and earned a breathing spell . . . *Babson's Reports* believes that a good deal of the credit for the recent leap in prices must be accorded to the easing of short-term money rates, along with improvement in such areas as the status of the dollar, the balance of trade and our international payments position. The service still recommends a cautious approach for the time being however – it believes that even though the momentum of the upmove could boost prices higher, the magnitude of the advance indicates that a breathing spell is needed . . . *Comparative Market Indicators* feels that while there's still an awful lot of technical and fundamental fog around, the technical evidence which has accumulated to date points to at least a short-to-intermediate term rally. If the market can now break out above the major 950-960 resistance zone, it will then have reasonably clear sailing to the DJI 980-1000 area . . . *The Tillman Survey* doesn't wholeheartedly buy the latest rally, and feels it could be followed by a dip in which the DJI will test, and probably penetrate, its recent lows.

Richard Russell *(Dow Theory Letters)* doesn't consider the advance from the August 22 lows to be the start of a new primary bull market, but rather another of the secondary bullish movements of the type which have appeared periodically since the 1966 top. Russell says the market is now overbought, and expects increasing strain to be a characteristic of the market as it attempts to move higher.

POINTING HIGHER . . . Continued from Page 3

strength which supplies the driving power for major market advances. To illustrate, note the steep decline of the High/Low Differential in early June, 1970 – and its subsequent upturn, which was one of the first signs that the broad market decline was running out of steam (point A on IDA).

A fairly substantial High/Low decline, though not necessarily as deep as the one shown here, is the first prerequisite in a bear market for the signal of a major upside move. The second component is a sharp and essentially sustained upward move of the indicator to the point where it clearly breaks into positive territory above the zero line. As you see on the chart, IDA moved irregularly higher from about $37.50 to $41.00 before retreating to her point B, which completed the double-bottom from which she took off. Note how the High/Low absolutely refused to go along with IDA's retracement at point B. Where the broad market returned almost to its low, the High/Low steadfastly maintained its climb and penetrated the zero line, foretelling the coming powerhouse advance.

We have been watching a similar situation shape up since July of this year. The High/Low, though not as far down as it was in 1970, had declined to a reasonably deep level, coincident with IDA's low (point C). From there, it commenced a steep climb. Once again note that, while IDA dropped back almost to her low and formed a new double-bottom (point D), the High/Low shrugged off IDA's renewed weakness, continued its steep ascent, and has now crossed the zero line.

This performance provides a strong parallel to the High/Low Differential's action in 1970, and constitutes another clear indication of the technical strength fueling the market's current climb.

FOLLOW-UPS

First quarter net income for **Federal Company** (NYSE–FFF–36) has rocketed over 300% to $3.16 a share from the year-earlier's 78 cents. Despite the good showing, recent action in FFF has been sluggish. We'd place a protective stop at 31-7/8 for now. Our other selections in the Protein group, **Archer-Daniels-Midland** (NYSE–ADM–44¼) and **Central Soya** (NYSE–CSY–40), have both moved up substantially since recommendation. We'd protect the profits already realized by placing stops at 40¾ for ADM and 36-7/8 for CSY ... Stocks in the Savings & Loan group have shown exceptionally strong technical action in the past few weeks. **Financial Federation** (NYSE–FFI–15½) has just completed a double-bottom which should now serve as a springboard to much higher levels. Both **First Charter Financial** (NYSE–FCF–18¾) and **Great Western Financial** (NYSE–GWF–21¼) have broken out of major base formations on sharply-increased volume. All three are rated strong holds.

Offshore Company (ASE–OFS–33¼) moved up sharply after completing its major base. Despite the jump, OFS is still available at one of the lowest P/E's of any of the Offshore Drillers ... Action in **Reading & Bates** (NYSE–RB–33¼) continues to be very impressive, with the recent high level of volume signifying increased interest in the company. Although it's moved up sharply since our recommendation, we'd stay with it for further gains ... **Standard Oil of Ohio** (NYSE–SOH–137¾) has had a very sharp move since recommendation. There could be some short-term profit-taking with a temporary backing-off, but we'd stick with it.

Steel stocks have been doing well on the advance, and **Republic Steel** (NYSE–RS–25½) is no exception. RS recently broke out above its Moving Average line on sharply-increased volume ... For the first 36 weeks of '73, **Castle & Cooke** (NYSE–CKE–17¼) reported record operating earnings of $1.52 vs. '72's $1.08 (before special credit). CKE completed a short-term base on its breakout past 16, and, even with the recent move, still sells at less than 10 times earnings. We consider the shares a definite hold, and look for a move past 18½ to signal a major upleg ... **Giant Food** (ASE–GFS–14) is starting to turn back up after completing its major base. Continue to hold for recovery ... **Stokely-Van Camp's** (NYSE–SBC–17) earnings for the first fiscal quarter came in at $0.57 compared to $0.51 in the year-earlier period. Sales also showed a healthy increase to $83.4 million from $70.0 million ... Fundamentals of **AAV Companies** (ASE–AAV–7) have been good all along, but the technical action has been disappointing. Now the chart pattern is shaping up again, as AAV traces out a solid "W" bottom formation. A move past 7½ would now signal the start of a major upmove ... **Redman Industries** (NYSE–RE–8) announced that further problems in its real estate activities would cause the company to report a second quarter loss of over $6 million. The phase-out in real estate operations is expected to be completed within the next month or two, and, with the shares now rebuilding a base, we'd continue to hold for recovery ... Management of **Garlock Inc.** (NYSE–GAK–16¾) is projecting another year of record sales and earnings in 1973. Current estimates for the full-year range from $2.05 to $2.25 a share, while sales are expected to be at least 18% above '72's $105.2 million.

Harnischfeger Corp. (NYSE–HPH–31¼), a recent Special Stock Supplement, has moved up better than 15% since recommendation. However, we don't think HPH has realized its full potential yet and expect much higher levels to come ... **Mohasco Industries'** (NYSE–MOH–23) very solid fundamental picture is starting to be reflected in the chart pattern. Investors could add to positions on a breakout past 23½, which should be the signal for a major upmove ... **Norlin Corp.** (NYSE–NRL–19) is starting to come to life again as it moves out of a major base area on stepped-up volume. NRL's earnings have been on the upmove for 12 consecutive quarters, and, at a P/E of under 5, we consider it a strong hold ... **American Motors** (NYSE–AMO–8¾) has also been showing sharply-improved technical action as higher volume starts to come in. A move past 10¼ will signal the start of a good upswing, so stick with it ... **Aluminum Co. of America** (NYSE–AA–75½) has moved up sharply since our recommendation back in May, and could experience some consolidation over the near-term. AA looks headed still higher though, so hold ... Fourth quarter earnings for **West Point-Pepperell** (NYSE–WPM–26) showed a 56% increase to $1.09 from $0.70 in the like '72 quarter. For the full year, WPM earned $3.75 compared to fiscal '72's $2.15.

A number of stocks in the Natural Resources category have been disappointing performers on the latest market strength. We think the time is ripe to lock in some of the profits already realized in this sector and move the reserves into other newly-emerging areas. **Buffelsfontein ADR's** (OTC–BFELY–20¼ bid) have just about doubled in price since our recommendation back in February, and we'd take profits here. We also suggest taking profits in **Rosario Resources** (NYSE–ROS–27¼), up 50% since recommendation.

Pursuant to the provisions of Rule 206 (4)-1 of the Investment Advisers Act of 1940, we advise all readers to recognize that they should not assume that all recommendations made in the future will be profitable or will equal the performance of any recommendations referred to in this issue. The information presented in this issue has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. The security portfolio of our employees, officers or affiliated companies may, in some instances, include securities mentioned in this issue.

REGISTERED WITH S.E.C. AS AN INVESTMENT ADVISOR

DEFENDANT'S EXHIBIT 44

THE CHASE GROUP OF BOSTON INVESTMENT COMPANIES

Shareholders' Trust of Boston
Commenced Investment Operations – 1948

The investment objectives are conservation of principal, reasonable current income and the possible enhancement of principal and income.

The Chase Fund of Boston
Commenced Investment Operations – 1958

The investment objective is capital appreciation.

Income and Capital Shares, Inc.
Commenced Investment Operations – 1967

A dual purpose closed end investment company with two classes of shares. The income shares are entitled to receive all the Fund's net investment income and the capital shares participate in changes in the value of the entire portfolio. Traded on the New York Stock Exchange.

Chase Frontier Fund of Boston, Inc.
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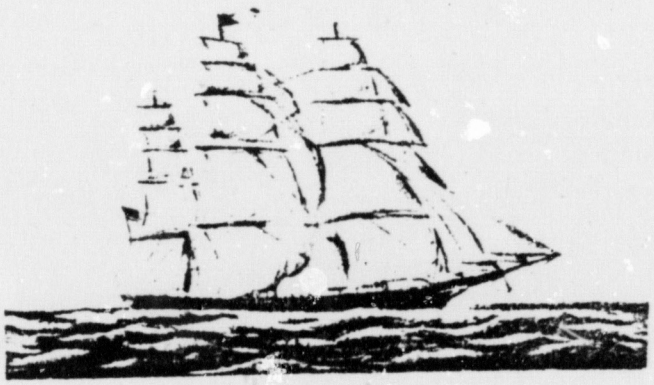
The investment objective is appreciation of the investor's capital and the Fund may employ "leverage" in seeking this objective.

Chase Special Fund of Boston, Inc.
Commenced Investment Operations – 1969

The investment objective is appreciation of the investor's capital and the Fund may employ "leverage" in seeking this objective.

Chase Capital Fund of Boston, Inc.
Commenced Investment Operations – 1969

The investment objective is solely capital appreciation and the Fund may utilize "leverage" in seeking this objective.



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THE COLD FRONT IS PASSING

by John P. Chase

Almost a year ago the last "Trade Winds" article entitled "A Cold Front" was issued on July 29th with the Dow Jones Industrial Averages closing at close to the 800 level. The viewpoint was expressed that "the peak of the business cycle would appear to have already passed and the disinflationary process is going to become increasingly apparent during the coming months. From an economic viewpoint the effects of the monetary squeeze of the past seven months would suggest that the trend will be down over the next three quarters, at least. Corporate earnings will be the biggest sufferers, since the wave of increasing wages will severely restrict profit margins." . . . "and in summary that the economy is turning down and will continue its adjustment process until the middle of 1970, when a new economic cycle will begin that will run well into the next decade." This economic forecast would appear to be pretty much on schedule even though monetary ease, indicated by a lowering of the prime rate, occurred some three months later than expected and not to the degree anticipated.

It was further stated, "In essence it is believed that liquid reserves should be invested during periods of market weakness before October first." To put this statement in perspective, it is necessary to review the stock market from then until the present. The market, as reflected by most indices, generally held its own from October 1, 1969 to March 31, 1970, and the bullish forecast expressed still appeared valid. However, the market in April and May broke below the levels anticipated, becoming completely demoralized for psychological reasons related primarily to Cambodia and not for economic reasons. The last 160 point decline on the Dow Jones Averages was caused by an incredible collapse of confidence on the part of the American people. Psychological crises such as this fortunately always tend to be short lived and thus the losses occasioned by this psychological crisis are likely to be recovered rather quickly. From that point on the market should be geared to the economic outlook as discussed below. Most of the pessimists who have been basking in their liquidity on the down side are likely to find that the tide has come in quite a long way before they actually utilize their buying reserves.

Why is the author so confident that the Cold Front is passing and that the economy will be expanding again during the last half of the year even though corporate profits may show a total decline of some 10%, with double this percentage decline to be expected in the manufacturing segment of the economy?

War and Inflation: Twin Dilemmas

The present Administration inherited two of the most difficult problems conceivable: (1) an unpopular war and (2) an inflationary trend that had reached a point where it was almost out of control. Neither one of these problems lent itself to a quick or painless solution in spite of the medley of voices clamoring for immediate withdrawal of all troops from Vietnam on the one hand and wage and price controls on the other. Each suggested cure might have temporarily produced results, but history is clear that such solutions only postpone an even less acceptable and more painful day of reckoning. The American people are not noted for their patience, which has made it doubly difficult to pursue a policy designed to extricate the nation from these twin dilemmas without setting the stage, on the one hand, for an even worse world conflict and, on the other, either an economic depression or another outbreak of inflation. The policies pursued may seem painfully slow in producing results but the signs are multiplying that we will be able to disengage ourselves from Vietnam without destroying our credibility as a reliable partner, that on the domestic front inflation is being brought under control without producing a depression and that an adjustment from war priorities to domestic priorities will be successfully accomplished with a minimum of unemployment and dislocation. Individuals, communities and sections of the economy will be adversely affected but not to the point where chain reaction will seriously affect the overall economy.

The Credit Squeeze passed its most stringent period in the first quarter and the expansion of credit by the Federal Reserve Board during the last three months will prove a powerful stimulus before the end of the year. Credit expansion should level out over the balance of the year at an annual rate of about 6%. In the meantime personal income has expanded impressively and personal savings have reached a peak rate of 8% which tends to be a leading indicator of an economic upturn. Mortgage money is showing signs of easing, required down payments on home mortgages are

being lowered and building permits are up substantially. The bankruptcy of the Penn Central may actually mark the turning point as the Fed was quick to respond to the obvious liquidity problem by taking the limits off the rate ceiling on bank Certificates of Deposit over $100,000. This illiquidity that has been of grave concern to many is expected to ease since capital expenditures estimates have been declining rapidly of late and inventories have also been undergoing substantial curtailment as corporate sales have eased. Other monetary moves can definitely be expected which should improve liquidity, bond prices and stock prices in that order.

Labor Demands are expected to have passed their peak by the fourth quarter and labor productivity has already begun to improve in the manufacturing segment of the economy as hoarded labor is disgorged by industry, and the work week is shortened and overtime reduced. Unemployment should peak this fall at close to 6%, which is not out of line with the average rate of unemployment during the first half of the 60's.

Raw Material Prices are starting to come down which is normally a harbinger of disinflation; and wholesale price increases have ameliorated substantially since the first of the year. This turn down in materials prices is deemed to be of great significance.

Profits bring us to the most important question, specifically, can corporate profits improve with wage demands still running at high levels? We believe they not only can but will due to improving labor productivity, declining raw material prices and greater utilization of new and more efficient plant capacity. These three elements should be reflected in substantial improvement in corporate profits over the next 12 months.

Popular Unrest appears to be lessening. The radical elements, on the campuses and elsewhere, that have been employing the more violent methods appear to have reached the conclusion that their extremism was becoming counter-productive. This should produce a somewhat calmer atmosphere domestically which will be buttressed by our withdrawal from Cambodia and an overall acceleration of withdrawal from Vietnam.

In summary an improvement in the economy is expected to be witnessed in the last half of 1970, accelerating in the fourth quarter and on into 1971. The inflation rate in 1971 should drop to not over 4%, unemployment should decline under 4½%, and interest rates should be down at least 1% within the next 12 months. This is the pattern of expectancy and the timetable should not deviate substantially unless foreign developments, particularly in the Middle East, should get out of control. This is not, however, expected since the Russians have no desire for a confrontation with the USA while China threatens in the Far East.

Even if the above game plan should prove letter perfect it still does not give one the answer as to how money should be invested to derive the maximum benefit from these favorable prognoses.

"Riskless" Bonds vs. Common Stocks

There is a new element in the investment arena that has not been present in modern times except for two short periods — following World War I and again in the 1929-32 depression. Long-term "riskless" bonds are currently yielding better than 9% and tax-exempt bonds are readily available to yield 7% which is equivalent to 14% to anyone in the 50% tax bracket. With these investment media available what justification is there to buy common stocks, particularly the big basic industry stocks whose growth rates tend to parallel Gross National Product and therefore cannot be expected to grow at a rate that will equal that of "riskless" bonds or even greatly exceed the rate of deterioration in the purchasing power of the dollar? Historically stocks should provide a total return — earnings growth — of at least 50% more than the yield obtainable from high-grade bonds in order to compensate for the greater risk.

Thus when high-grade bonds were yielding 4½% the average growth rate of the favorite basic stocks ran about 7% providing many attractive investment vehicles. However, with "riskless" bonds now yielding 9% or more, it becomes necessary to find equities whose earnings are growing at an annual rate of 15% minimum.

But where are such companies to be found whose earnings can be reasonably expected to grow at 15% or more per year for the next several years? The number is obviously far more limited than when an investor was looking for a 7% growth rate. If you cannot expect a minimum annual earnings growth of say 15%, what justification have you for buying equities in preference to 9% riskless bonds or 7% tax-free bonds? Therefore it becomes increasingly important to weigh the risk-reward ratio between the two broad types of investment media currently competing for the investors' dollars. With inflation currently running at a 6% rate an investor must get a total return sufficient to offset the inflation rate and have enough left over on which to live. A 3% return over the inflation rate would appear to be the minimum return an investor must seek from any investment media and as the risks increase the return must likewise increase to compensate.

In addition, even though such stocks can be found, it is essential not to be tempted to buy them if the price earnings ratio at which they sell does not bear a reasonable relationship to their rate of earnings growth. As a sound rule of thumb it is suggested that the price earnings multiple should not exceed the expected rate of earnings growth over at least two or three years, thus providing a sufficient time span to achieve a profitable

investment experience. Perhaps some allowance can be made for the stock of a company whose predictability of earnings growth is of a very high order; but in today's investment climate it is suggested that no stock should be bought at a price of over 30 times earnings and within this limitation the multiple, even for the best company, should not exceed the anticipated earnings growth rate by more than ten.

Within the guidelines set forth above it is believed the most attractive stocks still lie in the following broad categories:

1. Natural resource companies with assets primarily in North America and Australia.
2. Service Industries — where foreign competition is not a factor.
3. Building Industry — where the deferred demand is enormous.
4. Technological Labor Saving Equipment.
5. Leisure Time Industries.
6. Health & Education.
7. Communications.
8. Financial Free Form Management Companies.

These investment areas would appear to be in line to benefit from the obvious shift in emphasis that is underway toward human needs within the framework of a better quality of life.

Conclusion

It must be admitted that the past twelve months have been one of the roughest periods, from a confidence standpoint, that this country has faced in the past twenty-five years. More doubts and questions have arisen in the minds of people about the future of the world, the United States, our educational methods, our way of life, our priorities and in the case of the younger generation about themselves and their own relevance to other people and the world around them. All of this has created an atmosphere of pessimism that has eroded the security markets far beyond the point that economic conditions would appear to warrant.

It is the strong conviction of the author that this Cold Front is indeed passing at long last and the purge we have been through will have laid the groundwork for sounder progress built on less materialistic objectives. Different sets of values will emerge that will have an important impact on investment methods and techniques. But it does not mark the end of investment opportunities. On the contrary if the Trade Winds can be read and interpreted correctly, it is believed the next few years will provide investment opportunities such as present themselves only a very few times in an investor's lifetime. It is axiomatic that the bear market makes its low when pessimism is at its peak. The present atmospheric conditions would seem to fit this description.

What Are the Trade Winds?

We believe that successful investment management is based on the proper evaluation of economic, political, social, technological and monetary trends. In order to manage investments effectively, the roots of one's convictions must be deeply imbedded in these long-term trends, which we like to think of as the "trade winds." Most of them, incidentally, were set forth 15 years ago and seem to be just as valid today. They are not particularly newsworthy on a day-to-day basis, but blow in the same direction, irrespective of the black clouds or squalls that come up over the economic horizon from time to time to monopolize the headlines. These short-term factors must not be ignored, but it is the long-term trends which form the atmosphere of the economy and upon which all sound investment decisions must be based.

Some of the so-called "trade winds" or long-term trend factors that constitute the fundamental components of our investment management concept are:

1. The purchasing power of the dollar.
2. Population growth and employment.
3. Public works — continuing demand for more schools, highways, water, sewerage and flood control.
4. Rolling industry adjustments instead of the old-fashioned overall economic cycle.
5. Power of organized labor.
6. The effects of the world revolution of the Have-Nots versus the Haves.
7. The demand for low cost raw materials and automation.
8. Increasing international trade — lower tariff barriers.
9. International currency problems.
10. Growth of power consumption.
11. The cold war — continuing heavy defense expenditures.
12. Development of mass purchasing power in Europe and the world in general.
13. A new industrial revolution resulting from electronics and nuclear energy.

Two new developments that qualify as "trade winds" are:

14. Discovery of oil on the "North Slope" in Alaska with the resulting impact on long established trade channels and international diplomacy.
15. Full Employment Act becoming an engine of inflation as effective demand exceeds efficient plant capacity and availability of skilled labor.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

COPY

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON,

Plaintiffs,

v. 73 Civ. 2530(MP)

JOHN P. CHASE, INC.,

Defendant.

U.S. DISTRICT COURT
FILED
MAR 12 1975
S.D. OF N.Y.

OPINION AND FINDINGS

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MILTON POLLACK, District Judge.

MILTON POLLACK, District Judge.

This is a private damage suit against a registered investment adviser to recover trading losses incurred by plaintiffs which are claimed to have resulted from the alleged faults and omissions of the adviser in the investment counsel provided during the period November 1966 to February 1971. Jurisdiction is laid on the Investment Advisers Act of 1940, 15 U.S.C. §80b-1 et seq. Pendent common law claims are also asserted for alleged breach of contract, breach of fiduciary duty and fraud. The case was tried to the Court without a jury on November 11, 12 and 13, 1974. Decision was reserved at the close of trial.

I. The Background

There are two plaintiffs in this case; The Anderson Company ("Company" hereafter) and Alice Scranton Eastman Anderson ("Mrs. Anderson" hereafter). The Company is a Massachusetts limited partnership. During the period in question, it had no employees and its business essentially consisted of investing its capital. Part of the Company's assets consisted of real property, and during the period

Fall 1966 - Spring 1967 it attempted to sell or borrow on those assets in order to increase the amount of cash available to it for investment. Douglas S. H. Anderson ("Anderson" hereafter) was the managing general partner. His mother, Mrs. Anderson was a general partner up to April 1967 and has been a limited partner since then. Anderson's wife, Elizabeth R. Anderson has been a limited partner since April 1970. In addition to managing the partnership, Anderson held a power of attorney from his mother for the management and investment of her personal property.[1/]

Anderson is presently employed by Sterling, Grace & Co. as Director of Export Development with responsibilities in the area of public offerings, private placements, mergers and acquisitions. Anderson entered the securities field in

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1/ Anderson was also co-trustee along with John S. Whipple, Esq. of the trust of Anderson's late father. The trust also became a client of John P. Chase, Inc., but did not join in the present suit. No reason for this appears in the record, although it may be assumed that the consent of Anderson's co-trustee would have been required before suit could have been brought on the trust's behalf.

mid-1959 after leaving the family engineering and manufacturing business. He began by taking courses on corporate finance and investments and in early 1960 became associated with the investment banking firm of Lehman Brothers in their Industrial Department, working on private placements, public offerings, venture capital, mergers and acquisitions. Anderson was self-employed for approximately a year beginning in Fall 1962 while he worked on private placements with an associate who remained at Lehman Brothers. Anderson next worked for three and a half years, again in the investment banking area, for a brokerage house recently started by a friend. When that firm was acquired by Legg & Co. in 1967, Anderson moved to the broker-dealer firm of Salomon Brothers & Hutzler for nine months where he worked primarily on public offerings. Shortly thereafter, Anderson returned to Legg & Co. and was put in charge of a one-man department in New York concerned with new business in the area of private placements of securities and corporate acquisitions. Legg & Co. consolidated with Mason & Co., another brokerage firm, and Anderson's employment was terminated in November 1970.

He then moved, along with some prospective business, to a small brokerage firm where he stayed for a year and a half. Anderson left in July 1972 for another brokerage house where he continued to work on public offerings, private placements, venture capital, mergers and acquisitions. He moved to Sterling, Grace & Co. in January 1973. During much of his employment in the securities field, Anderson has worked on an incentive and commission basis.

The defendant, John P. Chase, Inc. ("Chase, Inc." hereafter) is a Massachusetts corporation registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The Chairman of the Board of Chase, Inc. is John P. Chase.

In about September 1966 Anderson became disenchanted with the investment advisory service of Cyrus J. Lawrence & Sons which was supervising his mother's account, and he called on John P. Chase seeking the services of Chase, Inc. for the securities accounts which Anderson was managing. Chase was told that Anderson was seeking the benefit of a flow of the information available to Chase, Inc. that he could use in managing

the accounts, that he would evaluate the advice and act on it to the extent that he chose to do so, that he would place all brokerage orders to buy and sell securities, and that Chase would not be called on to exercise any discretionary authority for the accounts.[2/]

Anderson's determination to retain full managerial authority is not surprising in light of his background in the investment banking field. His experience qualified him as a sophisticated investor and knowledgeable speculator.[3/]

2/ In fact, while the accounts were with the brokerage firm of F.S. Moseley & Co., trading authorizations in favor of John Chase were executed by Anderson, but these were never actually exercised and when Anderson shortly transferred the accounts to new brokers, no new authorizations were given then or thereafter. Nor did Chase, Inc. ever have custody of any of the securities in the accounts.

3/ When Spindler and Anderson were discussing the use of the Chase Fund of Boston as a standard for evaluating the performance of the Anderson Company Account, Anderson confidently asserted to Spindler that he thought that anybody could beat the averages.

Anderson periodically subscribed to and acted upon the information and advice provided by investment and statistical publications such as Value Line, Income Builder, and Indicator Digest. Additionally, and during the relationship which he established with the defendant, he sought and obtained and relied on investment information and recommendations from another investment adviser, a number of brokers, and associates in the securities industry.

Anderson's interest in Chase, Inc. stemmed from the reputation of that firm for the successful management of the two Funds whose investments it then supervised, The Chase Fund of Boston and the Shareholders Trust of Boston. Anderson was of the belief that information critical to greater investment success flowed most consistently and most quickly to organizations managing large investment reservoirs. During his first meeting with John Chase, Anderson inquired whether, as a subscriber to the Chase, Inc. advisory service he could expect that the raw material available to the mutual funds managed by Chase, Inc. would also be available to the Anderson accounts. Chase told Anderson that the common denominator within the firm consisted of the Policy Committee, the Research Department,

and the Securities Selection Committee and that the results of their deliberations were available to both the Fund managers and the individual account representatives.[4/]

The general objectives for the Anderson accounts were discussed, and in the course thereof Anderson indicated that he had sometimes traded on margin. Anderson asked Chase how he felt about margin trading and short selling, and in response thereto, Chase stated plainly and unequivocally what was the defendant's unwavering policy throughout the history of the Anderson-Chase, Inc. relationship: both margin trading and short selling were against firm policy.[5/]

4/ As explained by Chase to Anderson, the Policy Committee concerns itself with long and short range economic, social and political trends and their impact on different industries and types of securities. The Research Department devotes its attention primarily to the favored industries and the most attractive securities within those industries and makes recommendations to the Securities Selection Committee which approves, subject to a final check by the Policy Committee, the individual securities on the approved lists distributed to account supervisors.

5/ Chase indicated that he thought that the risks of the market were substantial enough without exacerbating them by such practices. The Chase, Inc. brochure which was given to Anderson emphasizes the importance of basing sound investment decisions on long-term trends and states that the firm does not attempt to capitalize on short-term price movements in the stock market.

Chase clearly stated that he would not serve a margin account[6/] nor would he undertake to counsel any account where short selling was a part of his responsibility. This was reiterated in the cover letter when the contract between the parties was mailed to Anderson for consideration.

Thus from the beginning of their relationship two key facts were abundantly clear to the parties: (1) Anderson retained complete authority and discretion to select, make and time the investment decisions and commitments for the accounts, while Chase, Inc. was to render counselling within the framework of objectives outlined by Anderson and (2) margin transactions and short selling

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6/ At this time, the size of the Anderson accounts taken together was well below the Chase, Inc. minimum of $500,000, and Anderson indicated that the accounts could be brought up to the minimum through the sale of real estate or securities based thereon which he expected to complete by the end of 1966. On that basis, Chase consented to an exception to the policy against margin for that limited period, and he had not expected that there would be any debt by the end of 1966. However, as indicated below, neither of the plaintiffs' accounts carried securities on margin at the beginning of the relationship, nor during the first four months of the employment of Chase, Inc.

were disapproved and not to be a part of Chase, Inc.'s responsibility. Indeed, throughout their relationship, Anderson accepted the Chase, Inc. recommendations only to the extent that he himself agreed with them after conducting his own independent research, either through the statistical digests to which he subscribed or by consultation with his associates in the securities industry and his brokers.

The written agreement which the parties entered into, effective as of November 1, 1966, provided that the defendant was retained:

> ... as investment manager to analyse and supervise the investment accounts ... and to advise us concerning any changes in the investments which you may consider expedient with reference to the state of these accounts and to market conditions.
>
> ... [W]e agree to inform you of all future changes therein. It is understood that you assume no responsibility for action taken or omitted in good faith if negligence, willful or reckless misconduct, or violation of applicable law, including the Federal securities laws, is not involved.

The agreement was made mutually revocable at any time upon written notice. Chase, Inc. appraised the market value of the securities in Mrs. Anderson's account at $102,165 as of October 6, 1966 and at $61,407 for the Company account. Chase, Inc. assigned Herbert Bancroft to the three Anderson accounts, and he served from inception of the relationship through April 1967 (a period which Anderson seems to consider the halcyon days of the relationship), when Richard Spindler was assigned to the accounts.

Late in 1967, Anderson became dissatisfied with the services being provided by Chase, Inc. The stock market was in a declining phase and Anderson was apparently impatient. He decided, as he had a right to do at any time, to terminate the contractual relationship with respect to the Company's account, but not his mother's account, as of December 31, 1967. Anderson then employed Parfield & Company, an unregistered California firm, to obtain investment advice for his management of the Company's assets. At the suggestion of Parfield, Anderson transferred the brokerage accounts to Eastman Dillon. The relationship with Parfield lasted seven months. On

advice of Parfield, Anderson made two short sales of securities through her brokerage firm on behalf of Mrs. Anderson's account. He also had made one short sale for her account just before he retained Parfield. These short transactions were made by Anderson without the knowledge of Chase, Inc. that they would be made, and contrary to its declared policy.

About four months after the contract with Chase, Inc. was entered into, and without its knowledge that such transactions would be made contrary to its declared policy, Anderson began to buy stocks at a brokerage firm on margin for the Company and for Mrs. Anderson. He also made some margin transactions thereafter from the Spring of 1967 through February 1971.

In July of 1968, Anderson inquired about re-employing the services of Chase, Inc. for the Company account. He testified that he did so because of an increase in the Chase, Inc. minimum fee in February 1968 from $1,000 to $2,500 which still had to be paid by the other two Anderson accounts. A further and better explanation may lie in his probable disillusionment with the results from the Parfield relationship and his general restiveness.

At all events, an agreement was reached concerning the terms on which Chase, Inc. would take back the Company account following discussions between Anderson and Chase.

At the time that Anderson inquired about returning the Company account to Chase, Inc., the defendant's employees were aware that Anderson had engaged in both short selling and margin purchases in both his mother's and the Company's accounts. At a meeting with Anderson, Chase indicated that this was inconsistent with the original agreement, that he did not believe that Anderson was getting the full benefit of Chase, Inc.'s services, and that he would not take back the Company account unless Anderson would adhere at once and henceforth to the basic agreement that there would be no short selling and no use of margin to purchase securities. Anderson agreed to do so. It was on this basis that Chase persuaded Spindler to reassume responsibility for the Company's account. Again, Anderson told Spindler that what he wanted from Chase, Inc. was a flow of information that he could adapt for his own use in managing the family accounts. By letter of July 23, 1968, Anderson cancelled his termination letter of January 10, 1968 in respect to the Company account.

Spindler served the two accounts until late 1968 when he assumed other duties in the Chase, Inc. organization. Henderson Inches succeeded Spindler and advised the accounts through February 1971 when Anderson terminated the advisory relationship altogether. It is primarily during the tenure of Inches that the faults and omissions charged by the plaintiffs allegedly occurred.

At the time that Spindler left the accounts in late 1968, he felt that the relationship should not be continued because it was difficult to keep track of what was going on in the Anderson brokerage accounts and because less and less attention was being given to Chase, Inc.'s recommendations. Indeed, throughout the relationship with Chase, Inc., but particularly in the later period, Anderson on occasion simply decided (as he had the right to do) not to follow the Chase, Inc. recommendations. Chase told Anderson that their services would not be continued unless an agreement could be reached clarifying what kind of service Anderson wanted Chase, Inc. to render. Inches, the new account representative, and Anderson met to discuss Anderson's requirements. Anderson indicated that what he wanted from Chase, Inc. was a flow

of its ideas through verbal and personal contact with Inches in order to contemporaneously get the benefit of the Policy Committee's basic investment policies, the Research Department's findings and the Security Selection Committee's materials. It was thereupon agreed that Anderson and Inches would follow a system of phone calls and face-to-face communications on those policies, findings and materials and that written recommendations would no longer be required or constitute a part of the Chase, Inc. service. As part of the agreement, Anderson would be entitled also to make inquiries concerning various securities which he might hear about from his other sources and Chase, Inc. would provide information to the extent that its organization covered the particular stocks. In addition, Chase, Inc. would give Anderson recommendations of particular stocks that Chase, Inc. found attractive based upon the particular objectives of each account and would provide him with its regular reports on the economic and stock market outlook.

Although Chase, Inc. was willing to give Anderson the benefit of its advice as to the attractiveness of a particular stock, it was not willing during this period

to make recommendations involving any certain number of shares or any certain amount of money since they did not know and were not being told where the money to pay for the shares would come from, whether it was margin, short selling or whatever. Reaffirming Chase, Inc.'s longstanding policy, Inches specifically told Anderson that Chase, Inc. would not recommend any transactions involving short positions or other types of hedged positions for the Anderson accounts.

Anderson's response to the testimony of Chase and Inches, that they had met with him in December 1968 to January 1969 and discussed and thus arranged the manner in which Chase, Inc. was to handle the accounts, was to claim a lack of recollection of the meetings. The testimony on defendant's behalf seems credible and corroborated by the circumstances and probabilities and is therefore accepted by the Court.

Notwithstanding the repeated promises made by Anderson to Chase that he would not engage in margin purchasing or short selling, during June-July 1969, Anderson engaged in two short sale transactions (profitable ones)

on behalf of the Company. In early and mid-May 1970, Anderson made approximately 20 additional short sales, on behalf of the Company, roughly one-quarter of which were so-called "naked" shorts. 7/ He covered these short transactions, most of them profitably, by market purchases at the end of the month. At the same time, he made 10 new "naked" short sales on behalf of the Company, all of which he covered almost immediately by market purchases, but this time uniformly with losses. June again saw more than 20 short sales made by Anderson on behalf of the Company, approximately two-thirds "against the box". Some of these transactions were completed by Anderson

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7/ A short sale is an order by an individual to his broker to sell presently a specified number of shares held by the broker in return for the individual's promise to replace the securities sold at a later date. The proceeds of the sale are held by the broker pending receipt of the shares promised by the seller. A "naked" short sale is a short sale of shares which the seller does not presently hold. A short sale "against the box" is a short sale of shares which the seller does presently hold. A naked short sale is completed by covering through a market purchase of the shares due. A short sale against the box provides the option of either covering by a market purchase as with the naked short or delivering the shares held against the shares due. In the present case, a short sale against the box has been characterized by the plaintiffs as a hedge against a further decline in the market price.

through market purchases in September at a profit, but most of these short sales were still uncovered at the time of the termination of the Chase, Inc. relationship by Anderson in February 1971 and the shorts were later covered, generally by market purchases at substantial losses. The same pattern of short transactions continued, though to a lesser extent, in October and November 1970. The February 28, 1971 statement of the Company's brokers, Eastman Dillon, indicates that at the time of termination the Anderson Company had short sale obligations outstanding in 19 securities. Roughly two-thirds of these positions were naked shorts. The Company ultimately realized a loss of roughly $48,000 on the naked shorts and a loss of roughly $27,540 on the shorts for which there was stock in the box, many of which were covered by market purchases rather than by delivery from the box. 8/

8/ The figures in this paragraph are taken from both the Anderson Company's tax returns and its brokerage statements from Eastman Dillon. Minor discrepancies between the two stem from the fact that Anderson apparently recorded, for example, two short transactions in the same security on the same or proximate days as a single transaction on the tax returns, while the brokerage statements list them separately.

A similar pattern of short sales with respect to timing and the securities involved also appears in Mrs. Anderson's account during this period, although Anderson engaged in fewer short sales on behalf of his mother.

The disastrous monetary effect of Anderson's speculation in 1970-71 on the short side of the market is simply appraised by an examination of the tax returns filed by the plaintiffs setting out the results of the transactions made by Anderson. These indicate:

	Anderson Company		
Fiscal	Gain	(Loss)	Net Gain or (Loss)
1970 S	14,278	L(25,259.62)	(10,991.57
1971 9/	--	S(140,699.80)	
		L(24,309.58)	(164,009.38)

In contrast to the table, the Company had no losses at all in securities transactions for its fiscal years 1966-69; it reported net gains in each year of the period, totalling $66,566.55.

9/ Includes short covering of earlier trades as well as transactions after termination in February 1971 of the relationship with Chase, Inc. The Anderson Company's fiscal year ends on April 30th of the succeeding calendar year.

Mrs. Anderson's account reported for the period 1967-69 gains in each of two years totalling $40,916.19 and a loss in one year of $1,375.71 or a net gain of $39,540.48. This account also sustained a loss of $2,585.61 in 1970 so that the net for almost the entire period of the relationship with Chase, Inc. was a gain of $36,954.87. 10/

The short transactions in the two accounts resulted in over $200,000 of combined losses in 1970-71. Anderson was solely responsible for initiating these short sales. He personally guessed wrong on the market course of the stocks he sold, believing that they were going down when in fact they went up. He engaged in over 120 short transactions in this period, which was both before and after the employment of Chase, Inc. terminated, against the initial and continuing advice of Chase, Inc. and his repeated assurance to them when they learned what he was doing that he would not buy on margin or sell stocks short. Indeed, as the Company's tax return Schedule D for 1971 indicates,

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10/ Mrs. Anderson reported a loss of $2,114.74 for 1971 which included transactions after the termination of the relationship with defendant in February 1971.

Anderson actually made most of the short sales resulting in such heavy losses after he had terminated the agreement with Chase, Inc.[11/] This case was filed not too long after the last of the huge losses registered on the short sales.

11/ Plaintiffs have sought to minimize Anderson's short trading and to give it a sophisticated gloss by suggesting that he was intelligently hedging stock ownership by short selling and that there is a distinction between "naked" short sales and short sales against stocks held in the box by the Company and Mrs. Anderson. They characterize the latter type as "hedged positions" designed to eliminate the risk from holding securities. The distinction, if there is one, is irrelevant in this case. A short sale is a short sale no matter how delivery against the sale is to be made. Anderson almost invariably covered the short positions by market purchases of the stock to be delivered. These transactions were not a hedge nor did they minimize the risk.

II. The Investment Advisers Act of 1940

Plaintiff's approach to liability in this case under the Investment Advisers Act seems to be twofold: (1) reference to a general underlying theme of fiduciary duty imposed by the Act on Chase, Inc. to protect the interests of the plaintiffs by rendering continuous "investment supervisory services" and (2) resort to the general antifraud provisions of §206, 15 U.S.C. §80b-6.

"Investment supervisory services" is defined in Sec. 202(a)(13) of the Act, 15 U.S.C. Sec. 80b-2(a)(13) as "the giving of continuous advice as to the investment of funds on the basis of the individual needs of each client."[12/] However, it does not appear that the Act makes the full panoply of "investment supervisory services" a mandatory, implied term of every contract for services. The role of the term "investment supervisory services" in the statutory scheme appears to be a purely descriptive

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12/ SEC Form ADV defines the term, in question 18(a), as "the giving of continuous advice to clients as to the investment of funds on the basis of individual needs of each client ... e.g., the nature and amount of other assets, investments and insurance, and the nature and extent of the personal and family obligations of each client."

one with respect to the nature of the registrant's business for the purpose of filing with the SEC. 15 U.S.C. Sec. 80 b-3(c)(2). Similarly, Sec. 208(c) of the Act, 15 U.S.C. Sec. 80b-8(c) prohibits a registrant from using the name "investment counsel" as a description of its business unless its principal business consists of acting as investment adviser and a substantial part of its business consists of rendering investment supervisory services. The statute does not say that all individual clients must receive the full panoply of "investment supervisory services". Indeed, there would appear to be no reason for mandating such a standard across the board as long as the particular agreement is not inherently fraudulent and the parties clearly understand the nature of the services to be provided. Similarly stated, there is no reason why Chase, Inc. should be required to provide the full panoply of "investment supervisory services" when Anderson himself had already determined in advance what he wanted and that his individual needs required

only a flow of investment information.[13/] Thus the parties were free to contract for the particular nature of the investment supervisory service to be provided, and as indicated in the preceding section, they indeed mutually agreed upon a far less extensive investment service than that represented by the full panoply of "investment supervisory services" which plaintiffs presently discuss.

The cases cited by plaintiffs in support of their implicit contention that the fiduciary duty imposed on investment advisers obligates them to provide all clients with the full panoply of "investment supervisory services" regardless of the terms of the individual agreement, involved various types of self-dealing by the investment adviser. Since there is not even the slightest hint of self-dealing in the present case, these decisions are inapposite. See, e.g., SEC v. Capital Gains Bureau, 375 U.S.

13/ Plaintiffs make much of the fact that Chase, Inc. stated in its Form ADV that none of its clients received services other than "investment supervisory services" as defined by the SEC (see footnote 12 supra.). Regardless of whatever complaint, if any, the SEC may have on this score against Chase, Inc., it cannot be contended on this record that Anderson did not understand the type of service that he had bargained for with Chase, Inc.

180 (1963)(scalping); Rosenfeld v. Black, 445 F.2d 1337 (2d Cir. 1971)(sale of advisory office), cert. dismissed 409 U.S. 802 (1972); Charles Hughes & Co. v. Securities and Exchange Commission, 139 F.2d 434 (2d Cir. 1943), cert. denied, 321 U.S. 786 (1944)(sales to brokerage customers at prices above the prevailing market).

While Chase, Inc. may not have been required by the Act itself to provide the Anderson accounts with the full panoply of "investment supervisory services", the theoretical possibility remains that Chase, Inc. itself may have represented that it would provide such service, as plaintiffs contend, or may have otherwise misrepresented the nature of the services that it would provide. The general antifraud provision of the Act, Sec. 206, 15 U.S.C. Sec. 80b-6, provides that:

> It shall be unlawful for any investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly --
>
> (1) to employ any device, scheme, or artifice to defraud any client or prosective client;
>
> (2) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; ...
>
> (4) to engage in any act, practice, or course of business which is fraudulent, deceptive, or

> manipulative. The Commission shall, for the purposes of this paragraph (4) by rules and regulations define, and prescribe means reasonably designed to prevent, such acts, practices, and courses of business as are fraudulent, deceptive, or manipulative.

On the basis of the evidence presented, the Court concludes that Chase, Inc. made no misrepresentation of the scope of the services to be provided to Anderson; it did not represent to Anderson that it would provide the full panoply of "investment supervisory services" suggested by the Act and the SEC. Anderson quite clearly asked Chase, Inc. to provide a much more limited type of service, and the numerous discussions that he had with Chase, Spindler, and Inches on this very point leave no doubt that there could not have been any misunderstanding on Anderson's part. Indeed, the Chase, Inc. brochure to which Anderson refers plainly states that "[e]ach account is counselled according to its individual needs, objectives and restrictions." (emphasis added)

The Court will nonetheless proceed to consider plaintiffs' contention that the alleged representation that Chase, Inc. would act as "investment counsel" and would render "investment supervisory services" was false

since it provides a convenient means for considering whether Chase, Inc. might otherwise have misrepresented the services that it agreed to provide or might have failed to perform the particular services that it did agree to provide. Plaintiffs assert that this representation was false in two respects: (1) Chase, Inc. was incapable of rendering "investment supervisory services" because its systems and procedures were deficient, and (2) Chase, Inc. knowingly and unilaterally determined to cease attempting to provide such service without so informing Anderson.

With respect to the systems and procedures of Chase, Inc., plaintiffs allege deficiencies in six categories (some of which overlap): (1) obtaining and updating information concerning the accounts and their principals, (2) determining, analyzing, reviewing and centrally recording the objectives of the accounts, (3) evaluating the tax impact of recommended transactions, (4) avoiding the adverse effects of large transactions by the Chase, Inc. mutual funds on the individual accounts, (5) monitoring the cash available for investment, and (6) understanding the term "investment supervisory services" by Chase, Inc. personnel.

The primary record that Chase, Inc. maintained for each account was the so-called black book. The black book consisted of a divider page identifying the account and its objectives; copies of each four month appraisal; investment distribution tables as of each four month appraisal date; a register of the account's progress in terms of appreciation; a listing of the short sales in the case of the Anderson accounts; a cash balance record; originals of written purchase and sale recommendations; tax information cards for each security held by the account; and a carryover form indicating the account's taxable gains and losses for each transaction.

Plaintiffs contend that Chase, Inc. did not make any inquiries of them with respect to their other assets, income, living expenses, or life insurance. Chase, Inc. properly points out that pursuant to the contract it was entitled to rely on Anderson, who was no mere neophyte, to provide such information as was relevant to the particular, restricted function assigned to Chase, Inc. The type and extent of information that an investment adviser requires depends on the nature of his contractual responsibilities and the customer's expectancy. Since Anderson's require-

ments and expectancies were for a flow of information from Chase, Inc. rather than investment responsibility and since Anderson retained all management discretion and authority and investment function, Chase, Inc. quite properly perceived that its responsibility to probe was necessarily limited accordingly. Chase, Inc. was entitled to rely on Anderson's contractual obligation to keep Chase, Inc. posted with respect to the affairs of plaintiffs and his investment activities and changes in the Accounts. In the circumstances here presented Anderson simply cannot contend that he would not have known what information concerning other assets, income and expenses of the plaintiffs was relevant to the function assigned to Chase, Inc. or to meet Anderson's expectancies from the engagement.

Plaintiffs' criticism of the procedure for determining and reviewing the objectives of the accounts with Chase, Inc. apparently comes down to the allegedly deficient description on the black book divider page of the Company account's objectives. There is, however, no indication that this alleged deficiency reflected inadequate knowledge

of Anderson's and the accounts' objectives by Chase, Spindler or Inches. Anderson and Chase discussed the objectives of the accounts during their first meeting, and Anderson elaborated upon that discussion in his letter of October 5, 1966 to Chase. The divider pages for Mrs. Anderson's account and the trust account contain descriptive paraphrases and quotations from that letter. There is no question as to the propriety of these objectives with respect to the needs of the individual accounts, and Anderson apparently never communicated any changes in these objectives to Chase, Inc.

Plaintiffs contend that the individual tax cards maintained for each security held by an account are inadequate for federal tax purposes since they show only the average cost per share. This criticism looks only to the top line of the card which is maintained in pencil on a running basis; a look at the lower portion of the cards reveals that it does identify and detail by lot the individual transactions in a manner adequate for federal tax purposes. An additional form which listed the taxable gain or loss on each transaction in the account was maintained in the black book, thus facilitating determination of a

running net loss or gain figure for the account at any point. To the extent that Anderson engaged in any taxable transactions in the capital assets of his mother or the Company held outside the accounts with Chase, Inc., it was entitled to rely on Anderson's contractual obligation to provide information concerning changes in the accounts. Again, it cannot be argued that Anderson would not have known whether this information would be relevant. Plaintiffs make much of Inches' inability to remember the origin and correct date of an entry for a $117,000 long term capital gain by the Company outside of its account with Chase, Inc. However, even apart from the problems of incomplete memory four years after the fact, the figure was obtained from Anderson himself and it is not clear from the record who was at fault for the incorrect date.

During the trial, the Court sustained objections to questions by plaintiffs' counsel concerning Chase, Inc.'s lack of a procedure for avoiding the adverse effects on the individual accounts which they handled of large transactions by mutual funds managed by Chase, Inc. on the ground of lack of any foundation with respect to common holdings and

transactions by the mutual funds and the Anderson family accounts. A subsequent offer of documentary evidence to show that the Chase Fund of Boston had sold one-seventh of its holdings in Ampex Corporation at approximately the same time that Mrs. Anderson sold 150 shares was declined by the Court on the ground of lack of relevance hereto.

Plaintiffs criticize the cash records for the accounts on three grounds: (1) the records commenced as of October 6, 1966 for all accounts and again as of July 23, 1968 for the Company account with zero balances, (2) at the conclusion of each four month appraisal period a bookkeeping entry was made to draw the balance down to zero and the true balance was generally not reinstated and (3) Chase, Inc. simply stopped maintaining the record in November 1970 without reason.

The fact that the records began with zero as of October 6, 1966 is not surprising since there apparently was no cash immediately available to the accounts at that time. Chase, Inc. properly argues that to the extent that additional cash became available to the accounts from out-

side sources, Anderson was obligated by the contract to provide that information to Chase, Inc. on his own initiative. When the Company account was returned to Chase, Inc. in July 1968, Spindler was given an idea of how much cash was available for investment, but neither the source nor the amount of the funds was disclosed by Anderson. Since the Company made purchases of $30,000 and sales of only $3,600 during July and August 1968, the bookkeeping zero balance does not seem to have provided a meaningful omission. The same may be said with respect to plaintiffs' criticism that a formal appraisal was not prepared for the Company account until the regularly scheduled appraisal date of October 4, 1968, rather than immediately upon the return of the account in July.

Plaintiffs' criticism of Chase, Inc.'s failure to restore the cash figure following each appraisal seems exaggerated. The figure for the end of each period was generally listed on the written appraisal which was sent to Anderson. Even if the balance was not formally restored, it was not erased from the ledger and thus was available for ready reference during the succeeding period. Moreover, even if the restoration entry had been regularly made, the

figure would still represent only the net of the purchases and sales in the account absent any of the informational input required by the contract from Anderson concerning, for example, additions or subtractions to or from the partnership capital.

The fact that the last entry on the cash record is for November 17, 1970 is simply explained. The Eastman Dillon brokerage statements indicate that there were no purchase or sale transactions by the Company during December 1970 or January 1971. The four short sales made by the Company after November 17th are all recorded on a separate sheet in the black book for the account's short sales. The accounts were terminated as of February 5, 1971.

With respect to the assertion that Chase, Inc.'s senior officers did not understand the statutory meaning of "investment supervisory services", Chase certainly displayed a more than adequate common sense understanding of the term, as did Inches. While Spindler may have been unaware of the statutory definition of the term during his tenure as account supervisor, there is no indication that he did not understand the type of service that was to

be provided to the Anderson accounts pursuant to the agreement with Anderson.

Plaintiffs assert five groups of acts or omissions in support of their contention that Chase, Inc. ceased providing plaintiffs with the required services: (1) written memoranda of purchase and sale recommendations were no longer provided, (2) the holdings of the accounts were no longer reviewed, (3) purchase and use of sale proceeds recommendations were no longer initiated, (4) recommendations became so equivocal as to be useless, and (5) the margin and short sale transactions of the accounts were ignored in rendering advice.

During the Bancroft and early Spindler periods, Chase, Inc. provided written memoranda of its purchase and sale recommendations. However, as indicated in Section I, supra, in winter 1968-69 the parties agreed that written recommendations would no longer constitute a part of Chase, Inc.'s service. Contrary to plaintiffs'

contention, SEC regulation §275.204-2(a)(3)[14/] under the Act does not require that written confirmations of oral recommendations be maintained. While written recommendations would certainly provide a permanent reference and certainly would have been useful in considering the contentions in this case, the fact that they were not continued may not be held against the defendant in light of the agreement and the overall circumstances.

The contention that Chase, Inc. stopped reviewing and monitoring the contents of the accounts is completely

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14/ The regulation provides in relevant part:

> (a) Every investment adviser ... shall make and keep true, accurate and current the following books and records relating to his advisory business: ...
>
> (3) A memorandum of each order given by the investment adviser for the purchase or sale of any security [and] of any instruction received by the investment adviser concerning the purchase, sale, receipt or delivery of a particular security.... Orders entered pursuant to the exercise of a discretionary power shall be so designated....
>
> (7) Originals of all written communications received and copies of all written communications sent by such investment adviser relating to:
>
> (i) Any recommendation made or proposed to be made and any advice given or proposed to be given.... [Emphasis added]

There does not appear to be any prohibition against oral recommendations or a requirement that they be confirmed in writing.

contrary to the evidence. During his assignment to the accounts, Inches reviewed the black book not less than twice per week. Anderson testified that he spoke with Spindler and Inches about the accounts on the average of twice a month and that they initiated the conversations roughly half the time. On several occasions, Inches met personally with Anderson in New York to discuss the accounts. The appraisals and cover letters discussing the accounts were prepared by the account supervisor and reviewed by Chase on a regular basis throughout the relationship. The fact that not all the securities held by the accounts were on the Chase, Inc. approved lists is of marginal probative value. It has been established that Anderson was receiving and acting upon investment information and advice obtained from other sources throughout this period. Plaintiffs have been unable to establish that any of the Chase, Inc. account supervisors ever recommended the purchase of any securities by Anderson which were not on the Chase, Inc. approved lists. Indeed, there is extensive testimony to the contrary. Moreover, the fact that a particular security was not on the approved lists simply meant that Chase, Inc. did not follow that security, not

necessarily that it was not a good investment.

Plaintiffs also contend that Chase, Inc. neglected to recommend the sale of securities that it ranked "3" or lower. To begin with, a "3" ranking was a hold, not a sell recommendation in the Chase, Inc. internal system. In addition to the oral sell recommendations which were made, the regular appraisal letters also contained recommendations to sell specified securities, as is indicated below.

Plaintiffs' additional criticism of the actions of Chase, Inc. during this period is the allegation that it simply stopped initiating recommendations concerning purchases and the use of sale proceeds. At the time the revised understanding was reached with Anderson in winter 1968-69 Chase, Inc. had agreed to provide appropriate purchase recommendations for the accounts.

Underlying this criticism is the assertion that Chase, Inc. had agreed to provide Anderson only with names of securities to which it assigned a "1" ranking. 15/

15/ The Chase, Inc. internal ranking system had the following meanings:

"1" -- most attractive purchase or hold;
"2" -- purchase or hold;
"3" -- hold, do not purchase;
"4" -- permissible switch in the discretion of the account supervisor;
"5" -- sell.

Plaintiffs further contend that on a number of occasions Chase, Inc. recommended the purchase of securities having a "2" ranking. Both points are misdirected.

The evidence does not support the contention that Chase, Inc. ever undertook to supply recommendations only of securities having a "1" ranking. The "approved" lists which Chase, Inc. used were for internal use as guides for the account managers in making recommendations for particular accounts based on their individual needs and objectives, and were not regularly disseminated to clients. That a particular security was ranked "1" does not necessarily mean that it was appropriate for a particular account to purchase or hold that security. Indeed the October 29, 1969 letter from Anderson to Inches, which is referred to by plaintiffs, clearly indicates that there were a number of "1" ranked securities which Inches did not think were appropriate purchase recommendations for the particular needs and objectives of the Anderson accounts at that time. Similarly, a particular security ranked "2" on the Chase, Inc. lists could have been a more appropriate purchase recommendation

for one of the Anderson accounts than a particular security ranked "1". The flexibility with which the rankings were used is also reflected in the fact that in appropriate circumstances account supervisors could recommend the purchase of securities which were not ranked "1" or "2" if they obtained the prior approval of John Chase. Nothing in the understanding with Anderson precluded such a course.

The Chase, Inc. brochure which was given to Anderson and on which plaintiffs' counsel seeks to mount an argument, emphasized the importance of analyzing the long-term trends in making sound investment decisions for the management of a portfolio through the careful selection and review of the constituent securities. The brochure states that Chase, Inc. does not attempt to capitalize on short-term price movements in the stock market. Thus the Chase, Inc. ranking system for portfolio management may not be equated with the rating system for the short term movements of individual securities provided by other service organizations.

In their testimony at trial, Chase and Inches did not suggest that purchase recommendations of the nature just described were not forthcoming during 1970, but rather made the point that any suspension thereof initially was attributable to a judgment on the state of the market and later on, the numerous short sales engaged in by Anderson precluded purchase suggestions. Chase stated that at least through the market lows of May 1970, Chase, Inc.'s posture t[illegible]ard the market was a very conservative one, indicating that the appropriate course of action would have been the reduction of bank loans or other indebtedness, investment in short term obligations, or simply holding cash.[16/] Once the short sale transactions appeared in the accounts, Chase, Inc. was reluctant to recommend any purchases until the short positions were removed.

Plaintiffs contend that Chase's letter of November 20, 1970 to Anderson advising him to "cover" the short positions in the next few weeks was in effect the initiation

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16/ In this context of market decline, Anderson's October 21, 1969 letter to Inches regarding securities with a "1" ranking assumes even less importance.

of a purchase recommendation for the particular security because eight of the 18 shorts were sales against securities in the box. However, the Eastman Dillon brokerage statements indicate that the plaintiffs' suggestion is a hypothetical one since Anderson did not cover any of the short sales from the box in any fashion between November and termination in February. Moreover, during the period May to November 1970, Anderson invariably covered his short sales allegedly against the box on his own initiative by covering from purchases on the market rather than delivering from the box (a practice wholly inconsistent with his professed intent to place the accounts in a hedged position).

Any impression that the Chase, Inc. recommendations became so equivocal as to be useless stems primarily from a comparison of the recommendations of the later period of the relationship with the "specific" (i.e., specific as to number of shares and price) recommendations of the Bancroft and early Spindler periods. Chase testified that the firm was unwilling during the later period to assume responsibility for specific recommendations of

that nature because they did not know and were not told the source of the funds or what the outstanding obligations of the accounts might be. In that context, Chase, Inc.'s position was entirely reasonable in light of its longstanding policy against margin trading and short sales. Insofar as the written appraisals contained recommendations, they may have been rather general, but they were hardly useless. For example, the November 6, 1970 appraisal letter, indicated that all investments except Anaconda had appreciated during the period and concluded that "overall we believe your investments represent attractive growth vehicles with the exceptions mentioned and discussed on the phone." The letter advised that Chase, Inc. policy was negative toward Anaconda, but that there was no rush in selling it at the then reduced market levels. Similarly, the July 7, 1970 appraisal letter identified four specific securities as reasonably attractive holds and recommended two securities to be switched if there were any real strengthening in the market.

To argue that the margin purchases and short sale transactions were ignored by Chase, Inc. in rendering advice is disingenuous to say the least. At numerous key junctures throughout the Anderson-Chase relationship, Anderson was specifically and emphatically advised not to enter into margin or short sale transactions to begin with or was advised to disengage himself from the transactions that he had already entered into. Chase, Inc. was made aware of the short sales -- after they were made -- through the Eastman Dillon brokerage statements and recorded them by a separate listing maintained in the black book. While Chase, Inc. would have nothing to do with margin purchases and short sales, their acquaintance with what Anderson essayed to do nonetheless, was ultimately before it to the extent it was apprised thereof in the records utilized for the accounts.

Plaintiffs contend that if Chase, Inc. was unhappy about the margin purchases and short sales it should have terminated the contract as it had an unquestioned right to do. However, this puts the shoe on the wrong foot. The investment decisions and management were Anderson's --

Chase, Inc. was foreclosed therefrom. Chase, Inc. actually raised the question of the margin purchases and the short sales in the context of its right to terminate in July 1968 and Winter 1968-69 when it was attempting to reach mutually satisfactory revisions of the original agreement. On each of these two occasions (as well as others) Anderson represented that such practices would cease. That Chase, Inc. chose to carry out the function assigned to it by Anderson and to leave to Anderson the investment decision and management which he retained for himself is hardly a basis for liability to the plaintiffs.

Plaintiffs also assert a number of what might be called miscellaneous misrepresentations. First, they contend that the statement in the Chase, Inc. brochure given to Anderson that "to assure that each account remains under constant and continuous supervision, two individuals, one of whom is primarily responsible, are assigned to the investment management of each account" [emphasis added] is false. The brochure quite obviously does not promise the full-time services of two managers. There was no misrepresentation because Inches was in fact primarily responsible for the management of the accounts.

When he assumed responsibility for the accounts he talked extensively with John Chase about their management. Thereafter, he spoke with Chase reasonably often and a number of times with Spindler, his predecessor on the accounts. During Inches' tenure, John Chase regularly reviewed the four-month appraisals and cover letters analyzing the accounts' progress. Chase was particularly involved with the accounts with the disclosure of short selling and the acute problems it brought on for the accounts. Plaintiffs simply cannot contend on this record that there was any interruption in the continuity of the advice rendered to the accounts.

Second, plaintiffs contend that Anderson was misled as to the interchange at Chase, Inc. between the mutual fund management personnel and the individual account counsellors. However, Chase, Inc. never told Anderson that he would be given an inside scoop on what the mutual funds were doing. It was not and never has been Chase, Inc. policy to apply intimate knowledge of the actions and thinking of the Chase of Boston group of Funds to the management of other accounts, and Chase, Inc. never represented to Anderson that such knowledge and thinking would be applied

to the Anderson accounts. What Chase, Inc. did represent, and correctly so, was that the common denominator within the firm consisted of the deliberations and determinations of the Policy Committee, the Research Department, and the Securities Selection Committee and that their output became available to both the fund managers and the individual account managers. John Chase did not discourage free discussion between account managers, but did prohibit the use of client's names in such discussions.

Finally, plaintiffs assert that Chase, Inc. may be held liable for the accounts' losses by having ratified purchase "recommendations" initiated by Anderson on the basis of information from his other sources. However, Chase, Inc. agreed to make Inches available as a sounding board for such inquiries only if the firm actually followed the particular security involved. Moreover, in many instances Anderson sought "ratification" of investment advice received elsewhere that he had in fact already acted upon by purchasing or selling the securities that he later asked Chase, Inc. about.

As the parties' briefs indicate, the courts are divided as to whether there is a private right of action in damages under the general antifraud provisions of §206 of the Act, 15 U.S.C. §80b-6. See, e.g., Bolger v. Laventhol, Krekstein, Horwath & Horwath, [1973-74] CCH Fed. Sec. L. Rep. ¶94,618 (S.D.N.Y. June 27, 1974), reh. ¶94,739 (S.D.N.Y. July 29, 1974) (implied right of action for inter alia self-dealing); Courtland v. Walston & Co., Inc., 340 F. Supp. 1076 (S.D.N.Y. 1972)(semble)(implied right of action for selective pre-publication release of recommendations despite no scalping); Gammage v. Roberts, Scott & Co., Inc. [Current] CCH Fed. Sec. L. Rep. ¶94,761 (S.D. Cal. June 25, 1974)(no private right of action); Jones Memorial Trust v. Tsai Investment Services, Inc., 367 F. Supp. 491 (S.D.N.Y. 1973)(dictum)(no private right of action for mere mismanagement as opposed to concealment and misrepresentation); Greenspan v. Del Toro, No. 73-638-Civ. JF (S.D. Fla. May 17, 1974) (alternative holding) (no private right of action: in any event would be limited to injunctive relief); Note, Securities-Investment Advisers Act of 1940 - Private Right of Action for Damages

Allowed Against An Investment Adviser and His Accountant, 53 Ford. L. Rev. 493 (1974). However, since on the basis of the preceding discussion the Court finds neither fraud nor breach of duty on the part of Chase, Inc., it is unnecessary to decide this question.[17/]

III. The Common Law Counts

The common law claims rest on the same pattern of alleged acts and omissions by Chase, Inc. which was discussed in the preceding section.

The Court's conclusion in the preceding section that Chase, Inc. did not misrepresent the nature of the services that it would provide carries over to the common

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17/ The Court has considered plaintiff's allegations under the essentially similar language of each of the subsections of §206 and has found that the allegations have not been proven. With respect to the claim of false advertising under §206(4), 17 C.F.R. §§275.206(4)-1(a)(3) and (5), the Court finds that the Chase, Inc. brochure does not constitute false or misleading advertising. The reprint of a talk given by John Chase does refer to a "formula" for investment decisions, but clearly does so in the context of a guideline contemplating consideration of other factors rather than of an investment panacea. The same is true of the manner in which the formula was explained to Anderson.

law fraud count. Moreover, plaintiffs concede in their post-trial memorandum that the common law standard of scienter is stricter than the statutory standard which has developed under the securities laws. Assuming arguendo that misrepresentations were made, the record in this case is absolutely devoid of any evidence of an intent on the part of the defendant to defraud the plaintiffs. Even if the less restrictive statutory standard[18/] were to apply to the common law fraud count, it would nonetheless have to be dismissed on the facts of this case.

By the terms of the written agreement, Chase, Inc. assumed liability for its negligent acts or omissions even if taken or omitted in good faith. On the basis of the evidence in the record in part discussed in the preceding section, the Court concludes that there was no breach, either intentional or negligent, of the contract for the particular services agreed upon by the parties.

18/ Something short of specific intent to defraud, but also something more than mere negligence is required under Rule 10b-5. Republic Technology Fund, Inc. v. Lionel Corporation, 483 F.2d 540, 551 (2d Cir. 1973), cert. denied 415 U.S. 918 (1974).

Although plaintiffs purport to recognize that to say that one is a fiduciary is only to begin the analysis of his duty, they nonetheless have proceeded to thrust a most stringent standard of obligation on the defendant in almost complete disregard of the nature of the contractual relationship agreed upon by the parties. Chase, Inc. possessed no authority whatever to act on behalf of either of the plaintiffs. Its role was purely advisory in a very real sense of the word. Nor was it Anderson's sole adviser during this period. In the present context it strains credulity to assert that Chase, Inc. was somehow required to restrain Anderson from engaging in short sales. Chase, Inc.'s only power as a "fiduciary" was that of persuasion, a power it repeatedly exercised to no avail in communicating directly with Anderson and ultimately with the co-trustee of his father's trust.

IV. Summary

The plaintiffs have failed to establish by a preponderance of credible evidence or any evidence for that matter that Chase, Inc. is chargeable with any misrepresent-

ations, oral or written, fraud or breach of duty, contractual or statutory. The issues of credibility herein are resolved in favor of the defendant. Anderson's testimony on the controverted matters is not worthy of belief. 19/

19/ The following colloquy provides a striking example of the generally disingenuous character of Anderson's testimony as to the limited nature of the services to be provided by Chase, Inc.

The Court: So in effect then what you are saying is that they were your trustees and that you shouldn't have been let loose to do your own trading?

Witness (Anderson): That's correct. I should have received --

The Court: Is that the contract that you made with them in your judgment?

The Witness: Well, the contract involved investment supervisory services, and I believe that is what is implicit in that in connection with the needs of each client, yes, sir.

The Court: You thought that you were going into a trusteeship with them?

The Witness: Fiduciary relationship, yes, sir.

The Court: Well, fiduciary relationship is a word that covers many layers of meanings, but what you are describing is that they should have restrained you in some physical way so you couldn't issue orders to the traders to do the things that you did do. Now, I want to know what capacity or power they had to do that under the arrangements between you and your mother.

The Witness: Well, they had a trading authorization from both of us.

The Court: Which they never exercised, isn't that right?

The Witness: That is to the best of my knowledge, but they had the authorization.

Chase, Inc. did not misrepresent its business, methods or services to the plaintiffs.[20/] In light of all the facts and circumstances in the present case, Chase, Inc. complied with its obligations, both statutory and contractual as bargained for by Anderson, with a proper degree of care and attention. Chase, Inc. provided "investment supervisory services" based upon the individual needs of each of the accounts insofar as those needs were predetermined by Anderson and represented by him to Chase, Inc. There is no factual basis in the evidence which the Court credits to substantiate the charge that Chase, Inc.'s procedures and systems were deficient and rendered it incapable of providing investment supervisory services. Chase, Inc. dealt fairly and frankly with plaintiffs and exercised sincere judgment with respect to plaintiffs' accounts. To the extent, if any, that the recommendations given to Anderson were erroneous marketwise,

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20/ Although some of plaintiffs' charges against Chase, Inc. may not have been individually discussed in Section II, each has been separately considered and found not to have been proved by a preponderance of the credible evidence.

they nonetheless are found to have been given in good faith in the exercise of reasonable judgment. Hindsight is admittedly superior to foresight (as Anderson has cause to recall in having sold short in rising markets) but that is not the test on which to judge the conduct of an adviser.

The services of Chase, Inc. under the agreement made by the parties were largely ignored and frustrated in material degree by Anderson acting in deliberate contravention of their understanding. The injuries suffered by plaintiffs in their stock transactions during the period of the relationship with Chase, Inc. and thereafter were caused solely by Anderson's conduct of the plaintiffs' affairs and were not contributed to improperly in any degree by the defendant.

The complaint is accordingly dismissed on all counts, with costs. The foregoing shall constitute the findings of fact and conclusions of law required by Rule 52(a), Fed. R. Civ. P.

SO ORDERED.

March 12 , 1975

Milton Pollack
District Judge

U.S. DISTRICT COURT
FILED
MAR 14 1975
S.D. OF N.Y.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- X

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON : 73 Civil 2530 (MP)

JUDGMENT

Plaintiffs :

-against-

JOHN P. CHASE, INC. :

Defendant

- X

The issues in the above entitled action having been brought on regularly for trial before the Honorable Milton Polack, United States District Judge, on November 11,12 and 13,1974, and at the conclusion of the evidence the Court having reserved decision, and the Court thereafter on March 12, 1975, having handed down its opinion constituting its findings of fact and conclusions of law, in favor of the defendant, it is,

ORDERED, ADJUDGED and DECREED: That defendant JOHN P. CHASE, INC., have judgment against plaintiffs THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON, dismissing the complaint on all counts, with costs to be taxed.

Dated: New York, N.Y.
March 14, 1975

Edmund L. Berglett
Clerk

MICROFILM

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON, Plaintiffs, -against- JOHN P. CHASE, INC., Defendant.	:	73 Civ. 2530 MP NOTICE OF APPEAL

PLEASE TAKE NOTICE that plaintiffs hereby appeal to the United States Court of Appeals, Second Circuit from the judgment entered against plaintiffs in this action on March 14, 1975, and from each and every part thereof and from the order of Honorable Milton Pollack, dated March 12, 1975, and each and every part thereof.

Dated: New York, New York
April 10, 1975.

BUTOWSKY, SCHWENKE & DEVINE

By Michael C. Devine
A member of the firm
Attorneys for plaintiffs
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New York, New York 10017
(212) 725-5360

TO: WHITE & CASE
Attorneys for defendant
14 Wall Street
New York, New York 10005

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON, Plaintiffs, -against- JOHN P. CHASE, INC., Defendant.	73 Civ. 2530 MP NOTICE OF MOTION

PLEASE TAKE NOTICE that upon the annexed affidavit of Michael C. Devine, sworn to May 22, 1975, the undersigned will move this Court before Honorable Milton Pollack, at the United States Courthouse, New York, New York, on June 2, 1975, at 10:00 A. M. for an order pursuant to Rules 59(a) and 60(b) of the Federal Rules of Civil Procedure granting plaintiffs a rehearing of the trial in this action for the limited purpose of offering in evidence the following segment of the deposition of Henderson Inches taken on December 11, 1973 -- page 326, line 18 through page 346, line 21 -- and for such other relief as the Court deems proper.

Dated: New York, New York
May 22, 1975.

SCHWENKE & DEVINE

By Michael C. Devine
Attorneys for plaintiffs
230 Park Avenue
New York, New York 10017
(212) 725-5360

TO: WHITE & CASE
14 Wall Street
New York, New York 10005

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON,

Plaintiffs,

-against-

JOHN P. CHASE, INC.,

Defendant.

73 Civ. 2530 MP

AFFIDAVIT

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

MICHAEL C. DEVINE, being duly sworn, deposes and says:

1. I am a member of Schwenke & Devine, attorneys herein for plaintiffs. This affidavit is made in support of plaintiffs' motion for a limited rehearing of the trial in this action.

2. This action was tried before Honorable Milton Pollack, without a jury, on November 11, 12, and 13, 1974. The Court's decision, rendered on March 12, 1975, was in favor of defendant, dismissing the complaint.

3. On April 10, 1975, plaintiffs filed a notice of appeal to the United States Circuit Court of Appeals for the Second Circuit.

4. During my review of the record on appeal, for the purpose of designating the appendix, I realized for the first time that at the trial I had omitted to offer in evidence what we believe to be a significant segment of the deposition of Henderson Inches (an employee of defendant). I refer to pages 326, line 18 through page 346, line 21, copies of which are annexed as Exhibit A.

5. This testimony is material to the issue of what type of service defendant represented it would render to plaintiffs in the period after December, 1968. For instance, at page 327, line 8, Mr. Inches states:

> Our primary responsibility, as noted in the contract and other letters from John P. Chase and myself, is that we were managing the funds that were available for investment.

and again, at line 18:

> Our primary area was in the guidance, investment counsel of the funds that would be available to us through various settlements. (emphasis added).

6. The substance of the balance of the offered segment of the deposition of Mr. Inches is to the same effect; namely, that defendant continued to represent, after December, 1968, that it was "managing" plaintiffs' investment funds and rendering "investment counsel" services, all in accordance with the contract signed in 1966.

7. This testimony is particularly relevant in light of the Court's conclusion at page 26 of its decision, and its additional findings with respect to the nature of defendant's responsibilities and plaintiffs' expectations.

8. The relief sought by plaintiffs on this motion is limited. It is requested that a rehearing or partial new trial be granted only to the following extent:

(a) to consider plaintiffs' offer in evidence of pages 326, line 18, through page 346, line 21, of the pre-trial deposition of Henderson Inches, taken on December 11, 1973; and

(b) to amend findings of fact and conclusions of law based on such additional testimony, if

the Court deems it appropriate.

9. It is respectfully requested that the motion be granted.

Michael C. Devine

Michael C. Devine

Sworn to before me this
22nd day of May, 1975.

Estelle M. Kalus

Notary Public

ESTELLE M. KALUS
NOTARY PUBLIC, State of New York
No. 31-2022187
Qualified in New York County
Commission Expires March 30, 1977

EXHIBIT A - ANNEXED TO AFFIDAVIT
OF MICHAEL C. DEVINE

(Reproduced herein at pages

658a through 678a.)

hpal05 Inches

A Well, I asked him to keep me in touch of what new funds would be available, and from time to time he added funds to the account as a result of what the company was doing, which we recorded on the cash sheet, and to this extent I was anxious to find out and have it completely satisfactory to him what we were doing with new funds that came in under our guidance and that was the extent that I proceeded on it, really. But I wanted to have him inform me of what was going on.

Q Did you ever ask that he advise you of non-liquid assets, if any, which The Anderson Company had?

MR. CRUZ: You mean as to any changes in those to the extent that they may have been reflected before or their continued existence or what?

Q At any time during 1969 and 1970 did you ask Mr. Anderson whether The Anderson Company owned any real estate?

A He kept me informed of those verbally. I don't believe -- he might have included it in a letter but not much other information, other than what he told me verbally.

Q What did he tell you?

hpal06 Inches

A We carefully started in 1968 when I came on and I tried to find out the exact parameters which John P. Chase was supposed to give guidance to. He did mention a number of things were happening to the company but this was not official business; he would let us know when new funds became available.

Our primary responsibility, as noted in the contract and other letters from John P. Chase and myself, is that we were managing the funds that were available for investment.

Q Do you know today whether or not The Anderson Company, during 1969 and 1970, owned any real estate?

A During that time I think they did own some real estate but he wasn't informing us on a regular basis. He carefully defined this was not in our domain to be involved in. Our primary area was in the guidance, investment counsel of the funds that would be available to us through various settlements.

Q Did he refuse to tell you what the assets of The Anderson Company were which were not being counseled by Chase, Inc.?

A Occasionally he wrote letters to Mr. Chase indicating how things were coming along at The

hpal07 Inches

Anderson Company, which were passed down to me. I saw those.

Q My question was did he refuse to tell you whether or not The Anderson Company owned any real estate at that time?

MR. CRUZ: I don't think it has been established that he specifically asked that question.

I will withdraw my objection. He may answer.

A My answer to that question is very clear, I think, in earlier testimony, that I completely identified exactly what my duty would be at John P. Chase towards the counsel of the three accounts, the two in question here, the exact parameters.

Q What were the --

A We were counseling the Alice E. Anderson account and The Anderson Company and the trust account, and Mr. Anderson told me at the early luncheons that we were responsible for the management of funds that were placed in these accounts, some of which may have come from the company at one time or another.

We were apprised of the company's activities only secondary to the accounts. We were not passing judgment on the company's --

hpa108 Inches

Q I don't mean to imply that you were being asked to counsel The Anderson Company on real estate or other fixed physical assets which they may or may not have owned. I am asking you whether or not you knew of their existence or nonexistence during that time.

A My answer is we knew some things that he referred to John P. Chase. He didn't usually send these things along to either Bancroft, Spindler or myself, as near as I know, but he did tell me verbally occasionally how things were coming, in a passing comment way.

Q Did Mr. Chase tell you what Mr. Anderson was telling him?

A I think I heard most of the information Mr. Chase received at one time or another.

Q Did you ever see Defendant's Exhibit 1 before today?

A There is a 1966 report, as I recall it, which I believe is in our possession.

Q Yes, this came from your possession. Had you ever seen it?

A Yes.

Q When did you see it for the first time,

as well as you can recall?

A I saw it during the last few months of Spindler's counseling the accounts.

Q Did you read it?

A Yes, I thumbed through it, sure.

Q Did you read it?

A I did read it, yes.

Q Did you read the appendices?

A Yes, I did.

Q What was the occasion for your seeing that?

A Well, when I was working on the accounts as a backup man for Mr. Spindler, which was established the other day, I went through the basic files for the entire period, but with particular emphasis for the last three or four years. But this is one of the major folders and I did take a good look at these.

Q Did you ever ask that the information in that report be updated, did you ever ask anyone?

A I think it was updated to Mr. Chase from time to time. I mean sections of it.

Q Do you know that to be so?

A Well --

hpall0 Inches

MR. CRUZ: Does he know what to be so?

MR. DEVINE: That the information in this report, Defendant's Exhibit 1, was updated for Mr. Chase from time to time.

MR. CRUZ: That any information contained in that report, to the extent that it ever changed after the date the report was written, was brought to the attention of John P. Chase, Inc. and/or Mr. Chase; is that the question? Any information contained therein?

MR. DEVINE: That wasn't the question but he may answer that.

MR. CRUZ: What was your question?

(Question read.)

BY MR. DEVINE:

Q Do you know it to be so that sections of it were updated to Mr. Chase from time to time?

MR. CRUZ: Are we talking about sections now?

MR. DEVINE: He said sections.

A My reference was strictly in the investment portfolio management that we had as regards to funds that were going to be freed up. It was largely this type of thing and what the require-

ments were and objectives were. He was entirely satisfied, after I got through discussing this at length in 1968, because I wanted to make sure what the parameters were, and Mr. Chase may have received an updating of certain sections of this, some of which he passed down to me.

Q He may have, of course. Do you know whether he did or did not?

A I believe he did. Not full ones, but sections.

Q When did he receive those updates? Do you know that?

A I'm not that sure.

Q From whom did he receive them, do you know that?

A Mr. Anderson made comments.

Q Were there any written updates received by Mr. Chase or by you, to your knowledge?

MR. CRUZ: I will object to the form.

MR. DEVINE: I'm using his words.

MR. CRUZ: Even so, if we are talking about an update of any information contained in that document then I will allow the witness to answer.

MR. DEVINE: Withdrawn.

Q At any time during 1969 and 1970 did you know whether The Anderson Company was the owner of any insurance policy?

A I did not know specifically.

Q Did you know during 1969 and 1970 whether The Anderson Company was the beneficiary of any insurance policy?

A I didn't know specifically, no.

Q Did you ever make any inquiries of anyone with respect to those two matters, namely, policies owned or policies as to which they were the beneficiary?

MR. CRUZ: When you say "they" --

MR. DEVINE: The Anderson Company.

A I asked Doug from time to time what the status of the company was.

Q I am talking specifically about insurance now.

A About insurance, no, I don't think he said a thing to us about that.

Q Did you ever ask him about that?

A I asked him what the situation was with the company at a given time, "And please let us know," and things like that, but he would come back and say,

hpall3 Inches

"You are in the investment parameter here," and so I was taking charge of that.

Q At any time from 1966 through 1971 did Chase, Inc. have a form on which was recorded, with respect to all counseled accounts, supervised accounts, information regarding assets, liabilities and insurance of the account.

A Are you referring to The Anderson Company?

Q No. I am referring to the Chase, Inc. office policy, office form. Was there any such form?

A Well, the answer would be that when the account is first taken in we write down in the letters and documents what the broad objectives are of the accounts, what the financial background is. All these things are included so we have an idea where we are going.

Q I want to know if there is a form, an information form, an information card.

A Well, the bible sheet, of course, is a card that gives some basic data. In the front of the black book there frequently is some data.

Q We have been through that with respect to the Anderson accounts particularly. I am asking

hpal14 Inches

if there is anything in addition to that, in these accounts particularly or as a general matter.

A We keep all kinds of information on certain types of accounts, obviously. They usually answer certain questions we would have about the account.

Q Is there any standard place where Chase, Inc. records information regarding assets, liabilities and insurance of supervised accounts, any standard place?

A I don't know what you mean by insurance. Are you talking about insurance on the accounts?

Q Insurance owned by the account on which the account is a beneficiary.

A This would be in the leadoff material we had when the account was first established. In Anderson's case he was a very verbal man and explained clearly and he had a very close working relationship with Chase on this and other matters, and the understanding was established there and passed along to the different counselors that came on the account.

Q Was there ever any standard place of recording that?

hpal15 Inches

A In the master file.

Q What kind of a form was used for that?

A It wasn't a specific form.

Q In December of 1968 did you know what the assets of Mrs. Anderson were, other than the assets which were in her account being counseled by Chase, Inc.

A Yes, we had knowledge of her home out in West Newton, this type of thing. We had Mr. Anderson's comments, he redefined them to me, just on the objectives. I think it is very important to notice that Anderson's connection with the counselors -- and I'm talking from my own position -- he wanted the counseling done for us and he would take care distinctly of other aspects, but he gave us general knowledge of the background, his mother, her age, the situation and what she would like and so forth.

Q What were Mrs. Anderson's assets in December of '68, as well as you can recall?

A Primarily her home in West Newton was the principal asset.

Q What else?

A The funds we had under our guidance.

Q What else?

A He may have mentioned a few other things about her. I think he told me something about a financial situation, what she required, this type of thing. It was a general background of his mother and her objectives.

Q Did you have any written report as of December, 1968 which showed the assets and liabilities of Mrs. Anderson?

A Not specifically, except that I went through this with Doug in an initial two-and-a-half hour meeting. We went right down the line as to what we should and should not know. He defined and redefined the general things. He said, "I want you to know, Mr. Inches, your counseling fits into this bailiwick here and I'll take care of this over here and over here."

He very carefully defined my position as being one in the investment part of the accounts to an exclusion of other things, except for an awareness of one or two things.

Q What did he say was his responsibility with respect to Mrs. Anderson's account?

A His responsibility, he was in charge of

her account as regards to the securities that could be used on our recommendations. He took charge of that. He was the go-between, the contact.

Q Did you ask Mr. Anderson whether his mother had any jewelry?

A No, I never asked that.

Q Did you ask him whether she had any valuable art?

A I believe this came partly into the discussion of her financial background, her situation, but it applied more to the 75 or 80 thousand dollars we had at that time to invest in the portfolio. He gave me pretty much free mandate to run this as a regular John P. Chase counsel account and didn't put stipulations particularly on the income except he wanted to maintain some modest way of --

Q I am not interested in operating the account. I want to know your knowledge in Mrs. Anderson's financial affairs other than the account as of 1968, December of '68.

MR. CRUZ: Is the question whether the witness asked of Mr. Anderson whether Mrs. Anderson owned any valuable art?

MR. DEVINE: Yes.

A He didn't get into any detail on this.

Q Did you ask him that?

A I asked him all about his mother. He told me that my duty was in this set of parameters here in the investment counseling side and he would take care of other areas.

I asked him any special requirements with regard to the funds under management by John P. Chase in December, 1968 when I came on. He said, "You are free to do" -- he gave me the broad parameters. He did not include more than just a nominal background.

Q Did you have any kind of check list that you went over with him with respect to the various kinds of assets an account might have?

A I asked him some of these questions.

Q What questions can you recall asking him specifically?

A I asked him about the financial situation of his mother. I wanted to know something about that. He didn't go into any great detail. He told me about the house, and I think there were some other assets, as I recall it. I didn't hear about the insurance.

Q Did you ask about insurance?

A I don't recall specifically. But the main thing I wanted to receive, which I think is terribly important from our point of view, is did we have a reasonably free latitude of the funds which we had under our management, which he said we did.

Q Did you ask Mr. Anderson what obligations Mrs. Anderson had as of December of 1968, financial obligations?

A This may have come into -- well, again, going back to the original structure -- and I do this with anybody I'm not familiar with from the start to find out what requirements do I have of the funds under our management; does she need 10 per cent income or 1 per cent income and the call of the funds, which I might say put something in six-month Treasury bills so I have a liquid position -- I asked him all these things, the type of securities and the income situation, we went right down the line.

I was satisfied and apparently my previous counselors in the account, my office was satisfied, that this account would fit into our scheme of things.

It was up to him to tell me if he thought there was anything unusual about that. It was part of my questioning.

Q You felt it was up to him to tell you, is that right?

A As part and parcel --

MR. CRUZ: The answer speaks for itself.

Q I want to know specifically did you ask Mr. Anderson did Mrs. Anderson have any obligations, did she have any bank loans, did she have any mortgages, et cetera, didyou ask him that?

A We went into some of her financial background, as I said. My questioning has much more to do than -- this is a John P. Chase policy, to find out what latitude we have in the management of the funds.

Q My question is did you ask him what obligation didshe have?

A I asked him about her financial background and he gave me just a few answers to that.

Q Did you make any record --

A He carefully pointed out that this was his responsibility to take care of his mother on these sideline things. He was reluctant.

Q Did you accept that?

A I think you have to consider this in context with the fact that the account had been with us since 1966 and I came on in '68, a few years later, and a number of things had evidently surely been established. I talked to both the previous counselors, read over the previous memoranda and reviewed things with Anderson at great length.

Q What memoranda are you referring to?

A Master file, copies of letters, communications with Anderson, I talked with Chase, Spindler at great length and worked with Spindler for three months before I took on the account to find out what the objectives were. We made every effort to fit into the financial situation of the individual.

Q Did you make any record or report of the nature of Mrs. Anderson's financial situation as of December, '68?

A I took note of the comments that Mr. Anderson gave me at a lunch I had originally with him.

Q What did you do with those notes?

A I don't believe I saved the notes.

Q When did you destroy them?

hpal23 Inches

A I am talking about jottings. They were really commentaries and followups from Spindler's operation of the accounts the year previous or two years previous.

Q For how long a period did you refer to those jottings?

A Well, they were in my mind the entire time in operating the accounts.

Q I am talking about the writings. For how long a period did you keep the writings and did yourefer to them?

A I had them for six months or so.

Q Or what did you do with them at the end of the six months?

A They were probably weeded out of the file as being extraneous.

Q Did you replace them with anything?

A No, I don't believe so but we didn't lose sight of the fact, of the information we had.

Q In December, 1968 did you know who the members of Mrs. Anderson's family were?

A Just as Doug Anderson had told me. He gave me -- the briefing there was really on the financialbackground and the orientation of the

accounts and what our responsibility was.

I identified what our responsibility was to the satisfaction of the office and John P. Chase and I talked this over, and I believe we had a good hold on the situation.

Q Did you know then who the members of Mrs. Anderson's family were?

A I don't believe I knew all of them.

Q Whom did you know of?

A My contact there was with Doug Anderson, and he told me about his mother, the company account and the trustee account.

Q Did he tell you whether his mother had any living brothers or sisters?

A He never told me about that.

Q Did he tell you whether she had any dependents living with her?

A No, he never told me that.

Q Did you ever ask?

A I asked him originally for any financial information that would be of importance to manage the accounts.

Q Did you ask him specifically if she had any dependents living with her?

A Well, I asked him general questions which would have brought that out. Mr. Anderson was very reluctant to go beyond a certain point.

Q Did he refuse to tell you who the family members were at any time?

A I don't recall specifically, but I don't believe any of the counselors were aware of that situation.

Q With respect to the Anderson accounts or with respect to any account?

A With respect to the Anderson accounts.

Q On any of your other accounts did you know the members of the family of the accounts?

A Very often. We know all the -- we know the basic financial situation we want to know if we can possibly get it. In the case of Mr. Anderson, he was not giving out more information than he had planned to give us, but as long as I knew what the parameters and the objectives of the fund we had were, and what the call was, it was sufficient for our use.

I would like to --

Q Let's identify how recalcitrant Mr. Anderson was about giving you information.

Did he at any time refuse to give you anything which you considered to be significant in terms of advising either The Anderson Company or Mrs. Anderson's account?

A He gave me the barest essentials.

Q Did he refuse to give you anything which you wanted to know?

A I invariably wanted to know more than I did.

Q Did you tell him that?

A I asked him questions and he said, "This is my end of the operation, I'm handling these things and you fellows are handlingthose things over there."

Q As to what things did he tell you that? As to what things did he say, "I'm handling that and you don't need to know"?

A His primary concern with us, I believe and the way I understood it and the way Mr. Chase understood it particularly, we were handling the investment accounts of the three special accounts.

Q I need to pin down what information you recall trying to get from Mr. Anderson and failing to get because he would not tell you, if anything. What exactly?

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON,

Plaintiffs,

-against-

JOHN P. CHASE, INC.,

Defendant.

73 Civ. 2530 MP

AFFIDAVIT OF SERVICE

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

REBECCA G. STEINER, being duly sworn, deposes and says

I served the attached Notice of Motion and Affidavit upon White & Case, on May 22, 1975, by depositing a copy in the United States mails, postpaid, addressed to them at 14 Wall Street, New York, New York 10005.

/s/ RGS
Rebecca G. Steiner

Sworn to before me this
22nd day of May, 1975.

/s/ MCD
Notary Public

MICHAEL C. DEVINE
Notary Public, State of New York
No. 60-0937280
Qualified in Westchester County
Certificate Filed in New York County
Commission Expires March 30, 1977

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON,

Plaintiffs,

-against-

JOHN P. CHASE, INC.,

Defendant.

- x

ANSWERING AFFIDAVIT

73 Civ. 2530 MP

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

MARIO DIAZ-CRUZ, III, being duly sworn, deposes and says:

1. I am associated with White & Case, attorneys for defendant herein. I make this affidavit in response to plaintiffs' motion for a limited rehearing of the trial of this action.

2. There are numerous reasons why plaintiffs' motion should not be granted. In the first instance, plaintiffs' motion for a rehearing is untimely. Plaintiffs move, inter alia, pursuant to Rule 59(a) of the Federal Rules of Civil Procedure for "a rehearing of the trial of this action", yet pursuant to Rule 59(b) of the Federal Rules of Civil Procedure, a motion pursuant to Rule 59(a) must be made not later than 10 days after the entry of judgment. Judgment in favor of defendant was entered herein on March 14, 1975. Plaintiffs' motion was brought on May 22, 1975, over two months after the entry of judgment.

3. Plaintiffs, although purporting to move, in addition, pursuant to Rule 60(b) of the Federal Rules of Civil Procedure, which provides for "relief from a final judgment" in the event of mistake of excusable neglect, nevertheless seek as relief from this Court the consideration of additional testimony and the amendment of findings offact and conclusions of law based on such additional testimony (Par. 8 of Mr. Devine's Aff.). The type of relief sought by plaintiffs is specifically governed by Rule 59(a), and not by Rule 60(b), and is thus subject to the provisions of Rule 59(b). This motion is thus, in every respect, untimely.

4. Moreover, plaintiffs had ample opportunity during the course of the trial of this action to offer in evidence any portion of the deposition testimony of any of the witnesses that they deposed. In fact, plaintiffs' counsel did offer portions of the deposition testimony of all three witnesses that they called at trial who were officers or employees of the defendant.

5. If plaintiffs' counsel considered the designated portions of Mr. Inches' testimony to have been material, he could have easily offered them during the trial, while Mr. Inches was present and subject to be called as a witness by all parties. Mr. Inches is now, as he was during the time of the trial, a resident of the Commonwealth of Massachusetts. Mr. Inches is no longer employed by Chase Inc. and thus, is not as readily available to be called in the event the Court grants plaintiffs' motion for a limited rehearing.

6. Nevertheless, and in the interest of finality, defendant will not oppose plaintiffs' motion to include the portions of the deposition testimony of Mr. Inches found at page 326, line 18 through page 346, line 21, if the Court deems that this testimony is in any manner helpful to it in its understanding of the issues in this case.

7. Defendant, of course, opposes that portion of plaintiffs' motion that seeks that the Court amend its comprehensive findings of fact and conclusions of law on the basis of the 21 pages of the deposition testimony of Mr. Inches designated for inclusion at this late date by plaintiffs' counsel, because its inclusion does not justify that the findings or conclusions be changed.

MARIO DIAZ-CRUZ, III

Sworn to before me this
27th day of May, 1975.

James Michael Donegan
Notary Public

JAMES MICHAEL DONEGAN
Notary Public, State of New York
No. 31-4521915
Qualified in New York County
Commission Expires March 30, 1976

73 Civ. 2530 MP
INDEX NO.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON,

Plaintiffs,

-against-

JOHN P. CHASE, INC.,

Defendant.

COPY

ANSWERING AFFIDAVIT

WHITE & CASE

ATTORNEYS FOR Defendant

14 Wall Street
Borough of Manhattan
New York City
RECTOR 2-1040

TO.....

ATTORNEY FOR.....

SIR:

PLEASE TAKE NOTICE that a.....

.....

of which the within is a true copy, has been made herein and was duly entered and filed in the office of the Clerk of the

.....

.....

.....

on the.....day of.....

19.....

WHITE & CASE

Attorneys for.....

14 Wall Street,
Borough of Manhattan,
New York City.

To.....

Attorney for.....

683a

CC desk

MEMORANDUM

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON
v. JOHN P. CHASE, INC. 73 CIV. 2530(MP)

Motion denied. The section of the Inches deposition proffered on the present motion, taken as a whole and considered in light of the record at trial, would not have a material bearing, either with respect to the Court's resolution of the credibility questions or with respect to the findings of fact and conclusions of law previously entered. The December 11, 1973 deposition is plainly not newly discovered evidence. Nor may counsel's failure to introduce the proffered section at trial be deemed excusable. There was ample opportunity to do so, particularly at the close of trial when counsel in fact introduced other sections of the same deposition.

SO ORDERED.

June 2, 1975

Milton Pollack
U.S. District Judge

U.S. DISTRICT COURT
FILED
JUN 2 1975
S. D. OF N.Y.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

THE ANDERSON COMPANY and ALICE SCRANTON EASTMAN ANDERSON,

Plaintiffs,

-against-

JOHN P. CHASE, INC.,

Defendant.

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73 Civ. 2530 MP

NOTICE OF APPEAL

FILED
U.S. DISTRICT COURT
JUN 6 3 32 PM '75
S.D. OF N.Y.

PLEASE TAKE NOTICE that plaintiffs hereby appeal to the United States Court of Appeals, Second Circuit from the order of Honorable Milton Pollack entered in this action on June 2, 1975, and from each and every part thereof.

Dated: New York, New York
June 6, 1975.

SCHWENKE & DEVINE

By Michael C. Devine
A member of the firm
Attorneys for plaintiffs
230 Park Avenue
New York, New York 10017
(212) 725-5360

TO: WHITE & CASE
Attorneys for defendant
14 Wall Street
New York, New York 10005

SERVICE OF 1 ~~COPIES~~ copy OF THE WITHIN

Joint Appendix Volume II

IS HEREBY ADMITTED.

DATED:

Attorney for

STATE OF NEW YORK
COUNTY OF NEW YORK

DAVID BARRY being duly sworn deposes and says: On July 25th, 1975 I served the within ~~record on appeal brief~~ VOLUME II JOINT appendix on White & Case the attorneys for the appellee ~~respondent~~ by leaving ~~mailing~~ ~~three~~ one ~~copies~~ copy thereof at his office located at 14 Wall Street New York New York 10005

David Barry

Sworn to before me this 25th day of July, 1975

Lillian Weisberg

LILLIAN WEISBERG
COMMISSIONER OF DEEDS
CITY OF NEW YORK 4-1401
Certificate filed in New York County
Commission Expires September 1, 1976